

Circular dated 19 October 2011

If you are in any doubt as to the action you should take, you should consult your stockbroker or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Keppel Land Limited, you should immediately forward this Circular and the enclosed Proxy Form to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular.



Keppel Land Limited

(Incorporated in Singapore)
(Co. Reg. No.: 189000001G)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED DIVESTMENT OF INTEREST IN OCEAN PROPERTIES PTE. LIMITED



Independent Financial Adviser in relation to the Transaction (as defined in this Circular)

PrimePartners Corporate Finance Pte. Ltd.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200207389D)

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	: 8 November 2011 at 11.00 a.m.
Date and time of Extraordinary General Meeting	: 10 November 2011 at 11.00 a.m.
Place of Extraordinary General Meeting	: Marina Bay Sands Expo and Convention Centre Level 3, Hibiscus Main Ballroom (3601A to 3703) 10 Bayfront Avenue, Singapore 018956

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

Entities

"AIPL"	Avan Investments Pte Ltd
"CDP"	The Central Depository (Pte) Limited
"Colliers"	Colliers International Consultancy & Valuation (Singapore) Pte Ltd
"Company" or "Keppel Land"	Keppel Land Limited
"Group" or "Keppel Land Group"	The Company and its subsidiaries
"Keppel Corporation"	Keppel Corporation Limited
"KLP"	Keppel Land Properties Pte Ltd
"KRAM"	K-REIT Asia Management Limited
"K-REIT" or "K-REIT Asia"	K-REIT Asia, a real estate investment trust constituted in the Republic of Singapore pursuant to a trust deed dated 28 November 2005 (as amended)
"OPPL"	Ocean Properties Pte. Limited
"PPCF"	PrimePartners Corporate Finance Pte. Ltd., the independent financial adviser to the Independent Directors and the Audit Committee in relation to the Transaction
"RBC Dexia"	RBC Dexia Trust Services Singapore Limited, acting in its capacity as trustee of K-REIT
"SGX-ST"	Singapore Exchange Securities Trading Limited
"SPIPL"	Straits Property Investments Pte Ltd
"Temasek"	Temasek Holdings Private Limited

General

"Audit Committee"	The Audit Committee of the Company
"Board"	The Board of Directors of the Company
"Companies Act"	The Companies Act, Chapter 50 of Singapore
"control"	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
"controlling shareholder"	A person who (a) holds directly or indirectly 15% or more of the voting shares in the Company (unless the SGX-ST determines that such a person is not a controlling shareholder of the Company), or (b) in fact exercises control over the Company

"Directors"	The Directors for the time being of the Company
"EGM"	The Extraordinary General Meeting of the Company, notice of which is set out on page 50 of this Circular
"FY"	Financial year ended or ending 31 December
"GST"	Goods and services tax
"Independent Directors"	The Directors who are considered to be independent in relation to the Transaction, being as at the Latest Practicable Date, the Directors other than Mr Choo Chiau Beng, Mr Teo Soon Hoe, Mr Kevin Wong Kingcheung, Prof Tsui Kai Chong, Mrs Lee Ai Ming and Mrs Oon Kum Loon
"K-REIT Rights Issue"	An offering of new K-REIT units via a proposed underwritten renounceable rights issue
"Latest Practicable Date"	12 October 2011, being the latest practicable date prior to the printing of this Circular
"Listing Manual"	The Listing Manual of the SGX-ST
"minority Shareholders"	Shareholders other than Keppel Corporation and its associates and Temasek and its associates (other than Keppel Corporation and its associates)
"NTA"	Net tangible assets
"Property"	The whole of Lot 340P of Town Subdivision 1 comprising a leasehold title held under the Property State Lease No. 11570 dated 27 August 1976 made between the President of the Republic of Singapore (as lessor) and OPPL (as lessee) and comprised in the Certificate of Title Volume 99 Folio 42, together with the building(s) erected thereon and known as "Ocean Financial Centre", located at 10 Collyer Quay Singapore 049315 and including all plant and equipment located thereat
"S&P Agreement"	The conditional share purchase agreement dated 17 October 2011 made between (i) SPIPL (as vendor), (ii) KLP (as guarantor), and (iii) RBC Dexia (in its capacity as trustee of K-REIT) (as purchaser) in respect of the sale and purchase of the Sale Shares
"Sale Shares"	62,682,000 ordinary shares held by SPIPL in OPPL, representing $\frac{62,682,000}{71,630,170}$ or approximately 87.51% of OPPL's issued and paid up share capital
"Shareholders"	Registered holders of Shares, except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors whose direct securities accounts maintained with CDP are credited with Shares
"Shares"	Ordinary shares in the Company
"SPIPL's Shareholding Proportion"	$\frac{62,682,000}{71,630,170}$, being the proportion of ordinary shares held by SPIPL in OPPL

"Subscription"	The proposed subscription by Keppel Land and/or its subsidiaries for the Subscription Units
"Subscription Consideration"	The aggregate consideration payable for the Subscription Units
"Subscription Units"	Such number of new units of K-REIT to be subscribed for by Keppel Land and/or its subsidiaries (representing their aggregate pro-rata entitlement) pursuant to the K-REIT Rights Issue
"Substantial Shareholder"	In relation to the Company, a person who has an interest in not less than 5% of the total number of issued Shares (excluding treasury shares)
"Subterranean Lot"	Part of Lot 80002A of Town Subdivision 30, under State Lease No. 26475 dated 2 August 2007 made between the President of the Republic of Singapore (as lessor) and One Raffles Quay Pte Ltd (as lessee), comprising a leasehold title, and which is currently licenced to OPPL by One Raffles Quay Pte Ltd under a licence and agreement to sell respectively dated 25 February 2011
"Transaction"	The proposed sale by SPIPL of the Sale Shares to RBC Dexia (in its capacity as trustee of K-REIT) pursuant to the S&P Agreement for a term of 99 years
"S\$" and "cents"	Singapore dollars and cents
"%"	Percentage or per centum

The terms **"Depositor"**, **"Depository Register"**, **"voting shares"** and **"treasury shares"** shall have the meanings ascribed to them respectively in the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding.

Any reference to a time of day in this Circular shall be a reference to Singapore time.

KEPPEL LAND LIMITED

(Incorporated in Singapore)
(Co. Reg. No. 189000001G)

Directors:

Choo Chiau Beng	<i>(Non-Executive Chairman)</i>
Kevin Wong Kingcheung	<i>(Group Chief Executive Officer)</i>
Khor Poh Hwa	<i>(Independent, Non-Executive Director)</i>
Lim Ho Kee	<i>(Independent, Non-Executive Director)</i>
Tsui Kai Chong	<i>(Independent, Non-Executive Director)</i>
Lee Ai Ming	<i>(Independent, Non-Executive Director)</i>
Tan Yam Pin	<i>(Independent, Non-Executive Director)</i>
Heng Chiang Meng	<i>(Independent, Non-Executive Director)</i>
Edward Lee Kwong Foo	<i>(Independent, Non-Executive Director)</i>
Koh-Lim Wen Gin	<i>(Independent, Non-Executive Director)</i>
Teo Soon Hoe	<i>(Non-Independent, Non-Executive Director)</i>
Oon Kum Loon	<i>(Non-Independent, Non-Executive Director)</i>

Registered Office:

230 Victoria Street #15-05
Bugis Junction Towers
Singapore 188024

19 October 2011

To the Shareholders of Keppel Land Limited

Dear Sir/Madam

1. INTRODUCTION

- 1.1 Summary.** On 17 October 2011, the Company announced the signing of the S&P Agreement by SPIPL, as vendor, KLP, as guarantor, and RBC Dexia (in its capacity as trustee of K-REIT) as purchaser, for the sale by SPIPL of the Sale Shares (representing an approximate 87.51% shareholding interest in OPPL) to K-REIT for a term of 99 years.

OPPL is the owner of the office building known as Ocean Financial Centre located at 10 Collyer Quay. The Property is located on a site with a 999-year leasehold that commenced from 22 June 1862. The Subterranean Lot is located on a site with a 99-year leasehold that commenced from 13 June 2001.

SPIPL and KLP are direct wholly-owned subsidiaries of the Company. As at the Latest Practicable Date, the Company has an indirect aggregate interest of approximately 46.4% in K-REIT.

In essence, as SPIPL will be divesting its shareholding in OPPL (that is, the Sale Shares), together with the rights and benefits of a shareholder, to K-REIT for a term of 99 years, the Transaction will be effected *via*:

- (a) the transfer by SPIPL of the Sale Shares to K-REIT pursuant to the S&P Agreement; and
- (b) the subsequent re-transfer by K-REIT of the Sale Shares (or its equivalent, in the event of a restructuring of OPPL or its share capital) to SPIPL under a call option ("**Call Option**") exercisable by SPIPL upon the expiry of 99 years from the date of completion of the sale of the Sale Shares to K-REIT under (a) above, unless certain events occur, which would allow the Call Option to be exercised earlier.

The Transaction is structured in this manner to reflect the consideration for the Sale Shares which is premised on OPPL holding the underlying asset with only a 99-year lease term and not a 999-year lease term.

The terms of the Call Option will be set out in an agreement (the “**Option Deed**”) to be entered into between SPIPL (as option holder) and RBC Dexia (in its capacity as trustee of K-REIT) (as grantor) at the completion date of the S&P Agreement.

- 1.2 Shareholders’ Approval.** The Directors have convened the EGM to obtain minority Shareholders’ approval for the Transaction, in accordance with the requirements of Chapter 9 and Chapter 10 of the Listing Manual, as elaborated below.

(a) Chapter 9 of the Listing Manual — “Interested Person Transaction”

As at the Latest Practicable Date, Keppel Corporation, a controlling shareholder of the Company, was interested in approximately 53.29% of Keppel Land and in approximately 29.92% of K-REIT. Additionally, Keppel Corporation was deemed to be interested in Keppel Land’s indirect interest in approximately 46.4% of K-REIT, amounting to an aggregate deemed interest in approximately 76.32% of K-REIT.

Under Chapter 9 of the Listing Manual (which governs interested person transactions) where the value of a transaction with an interested person singly, or, on aggregation with the values of other transactions conducted with the same interested person in the same financial year equals or exceeds 5% of the Group’s latest audited NTA, that transaction shall be subject to Shareholders’ approval.

The Transaction is considered to be an interested person transaction for the Company under Chapter 9 of the Listing Manual as K-REIT is regarded as an associate of Keppel Corporation and, thus, an “interested person” for the purposes of Chapter 9 of the Listing Manual.

Based on the Sale Consideration (as referred to in Paragraph 2.2(a) below) of approximately S\$1,571.3 million, and having regard to the Company’s approximate 46.4% indirect interest in K-REIT, the value of the Transaction to which the Company is considered to be at risk pursuant to Rule 909 of the Listing Manual amounted to approximately S\$842.2 million (being approximately 53.6% of the Sale Consideration) representing approximately 19.6% of the audited NTA of the Group of S\$4,301.3 million as at 31 December 2010¹.

In accordance with Chapter 9 of the Listing Manual, the Transaction is an interested person transaction, the value of which (being the amount to which the Company is considered to be at risk as mentioned above) is more than 5% of the latest audited NTA of the Group, and hence subject to the approval of minority Shareholders.

PPCF has been appointed as independent financial adviser to advise the Independent Directors and the Audit Committee on whether or not the financial terms of the Transaction are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. PPCF’s letter to the Independent Directors and the Audit Committee in respect of the Transaction is set out in Appendix A of this Circular.

¹ If it was computed based on the Relevant Property Value of S\$2,013.1 million (as referred to in Paragraph 2.2(a) of this Circular), then 53.6% thereof amounts to S\$1,079 million or approximately 25.1% of the audited NTA of the Group of S\$4,301.3 million as at 31 December 2010.

(b) Chapter 10 of the Listing Manual — “Major Transaction”

Under Chapter 10 of the Listing Manual (which governs acquisitions and realisations), where any of the relative figures of an asset purchase or asset sale transaction, computed on the bases in Rule 1006 of the Listing Manual exceeds 20%, that transaction is classified as a “major transaction” and shall be subject to shareholders’ approval.

The relative figures for the Transaction, computed on the bases set out in Rule 1006 of the Listing Manual are set out below.

Rule 1006	Bases	Relative Figures (%)
(a)	Unaudited net asset value attributable to the Sale Shares compared with the Group’s unaudited net asset value as at 30 June 2011	12.8 ⁽¹⁾
(b)	Unaudited net profits attributable to the Sale Shares compared with the Group’s unaudited net profits for the half-year ended 30 June 2011	Not meaningful ⁽²⁾
(c)	Aggregate value of the consideration for the Sale Shares compared with the market capitalisation of the Company as at 14 October 2011, being the market day preceding the date of the S&P Agreement	39.8 ⁽³⁾
(d)	Number of equity securities issued by the Company as consideration for the Transaction, compared with the number of equity securities previously in issue	Not applicable ⁽⁴⁾

Notes:

- (1) The figure for Rule 1006(a) of the Listing Manual was computed based on the unaudited net asset value attributable to the Sale Shares as at 30 June 2011 of approximately S\$516.7 million divided by the Group’s unaudited net asset value as at 30 June 2011 of approximately S\$4,049.5 million.
- (2) The figure for Rule 1006(b) of the Listing Manual was computed based on the unaudited net loss attributable to the Sale Shares for the half-year ended 30 June 2011 of approximately S\$1.8 million divided by the Group’s unaudited net profits for the half-year ended 30 June 2011 of approximately S\$176.9 million. These figures are stated before income tax, minority interests and extraordinary items.
- (3) The figure for Rule 1006(c) of the Listing Manual was computed based on the Sale Consideration of approximately S\$1,571.3 million (as referred to in Paragraph 2.2(a) of this Circular) divided by the market capitalisation of the Company as at 14 October 2011 (based on the volume weighted average price of the Shares in the Company transacted on such date) of approximately S\$3,945.7 million. If it was computed based on the Relevant Property Value of S\$2,013.1 million (as referred to in Paragraph 2.2(a) of this Circular) divided by the market capitalisation of the Company of approximately S\$3,945.7 million, then the relative figure would be approximately 51%.
- (4) In respect of Rule 1006(d) of the Listing Manual, there are no equity securities issued by the Company as consideration for the Transaction.

As the relative figure under Rule 1006(c) of the Listing Manual exceeds 20%, the Transaction constitutes a “major transaction” for the purposes of Chapter 10 of the Listing Manual and is hence subject to Shareholders’ approval.

- 1.3 This Circular.** The purpose of this Circular is to provide Shareholders with information relating to, and to seek their approval at the EGM for, the Transaction.

2. INFORMATION RELATING TO THE TRANSACTION

- 2.1 OPPL and the Property.** As at the Latest Practicable Date, OPPL has an issued share capital of approximately S\$76.6 million comprising 71,630,170 fully paid ordinary shares. The Sale Shares comprise 62,682,000 fully paid ordinary shares held by SPIPL in OPPL. The balance 8,948,170 fully paid ordinary shares are held by AIPL, an unrelated third party. The Sale Shares represent SPIPL's Shareholding Proportion or approximately 87.51% of the issued shares of OPPL.

Ocean Financial Centre is a 43-storey Grade A office building comprising an office tower with ancillary retail, carpark facilities and the Subterranean Lot, totaling about 884,957 square feet net lettable area as well as state-of-the-art environmentally responsible features. Located at the intersection of the central business district and the new financial hub at Marina Bay, Ocean Financial Centre is committed to blue-chip financial institutions such as Australia and New Zealand Banking Group Limited and BNP Paribas. The temporary occupation permits for the office tower were issued on 14 March 2011 and 29 April 2011. As at 15 September 2011, Ocean Financial Centre was approximately 80% leased.

Ocean Financial Centre, which will have direct underground pedestrian access to the Raffles Place Mass Rapid Transit station, is a fourth generation building constructed at the same historical site as the former Ocean Building.

2.2 Principal Terms of the Transaction

- (a) **Sale Consideration.** The consideration payable to SPIPL for the Sale Shares (the "**Sale Consideration**"), which was negotiated on a willing-buyer and willing-seller basis, shall be equal to the SPIPL's Shareholding Proportion of the adjusted net tangible asset value (the "**Adjusted NTA**") of OPPL as at the date on which the S&P Agreement is completed (the "**Completion Date**"). The Sale Consideration is to be satisfied wholly in cash.

For illustration purposes, based on the Applicable Property Value (as defined below) and the unaudited Adjusted NTA of OPPL as at 31 July 2011, the estimated Sale Consideration is approximately S\$1,571.3 million (subject to completion and post-completion adjustments). The calculation is shown below²:

	S\$ million
Applicable Property Value	2,300.5
<i>Based on the unaudited management accounts of OPPL as at 31 July 2011</i>	
Fixed Assets ^(Note)	—
Current Assets	12.6
Current Liabilities	(205.0)
Non-Current Liabilities	(380.7)
Exclusions (comprising deferred tax liabilities and rent incentives granted to tenants)	68.2
Adjusted NTA	1,795.6
Sale Consideration (87.51% of the Adjusted NTA)	1,571.3

Note: The "Fixed Assets" were approximately S\$0.02 million.

² Based on the illustrative *pro forma* balance sheet of OPPL set out in Schedule 2 of the S&P Agreement.

Upon completion of the S&P Agreement ("**Completion**"), the provisional Sale Consideration payable will be calculated based on the Completion *pro forma* accounts of OPPL as at the Completion Date prepared by SPIPL, and is subject to post-completion adjustments. After Completion, OPPL will prepare Completion accounts as at the Completion Date which will be reviewed by the independent auditors jointly appointed by SPIPL and RBC Dexia (in its capacity as trustee of K-REIT) in accordance with the terms of the S&P Agreement. In the event of any difference between the provisional Sale Consideration paid by RBC Dexia (in its capacity as trustee of K-REIT) to SPIPL at Completion and the final Sale Consideration as determined by the independent auditors following its review, then (i) if the final Sale Consideration is higher than the provisional Sale Consideration, the amount of the difference shall be paid by RBC Dexia (in its capacity as trustee of K-REIT) to SPIPL, and (ii) if the final Sale Consideration is lower than the provisional Sale Consideration, the amount of the difference shall be paid by SPIPL to RBC Dexia (in its capacity as trustee of K-REIT).

Solely for the purposes of determining the Adjusted NTA, the Property and the Subterranean Lot are ascribed a 99-year interest and their aggregate value is agreed to be S\$2,300.5 million (the "**Applicable Property Value**"). Accordingly, the value of the approximate 87.51% interest in the Property and the Subterranean Lot is S\$2,013.1 million (the "**Relevant Property Value**").

SPIPL has commissioned an independent valuation of the Property and the Subterranean Lot by Colliers, which has valued an approximate 87.51% interest in the Property and the Subterranean Lot based on a 99-year interest in the development, as at 10 October 2011, on an open market value basis, at S\$2,010 million inclusive of a rental support of up to S\$170 million. A copy of Collier's Valuation Certificate is reproduced in Appendix B of this Circular.

(b) Conditions Precedent. Under the S&P Agreement, the sale and purchase of the Sale Shares is subject to and conditional upon:

- (i) the approval of the unitholders of K-REIT being obtained for the acquisition of the Sale Shares at a general meeting of K-REIT;
- (ii) the approval of shareholders of Keppel Land being obtained for the sale of the Sale Shares at a general meeting of Keppel Land;
- (iii) the management and underwriting agreement³ dated 17 October 2011 entered into between DBS Bank Ltd. and United Overseas Bank Limited (as joint managers and underwriters) and KRAM, not being terminated by the joint managers and underwriters for force majeure or the occurrence of market disruption events equivalent to force majeure; and
- (iv) there being no material damage or compulsory acquisition of the whole or any part of the Property on or before Completion.

Subject to fulfilment of the conditions precedent under the S&P Agreement, Completion is expected to take place no later than 31 December 2011.

³ This is in relation to the K-REIT Rights Issue.

- (c) **Option Deed.** Under the terms of the S&P Agreement, upon Completion taking place, RBC Dexia (in its capacity as trustee of K-REIT) shall grant or procure its nominee holder(s) of the Sale Shares to grant the Call Option to SPIPL and enter into the Option Deed with SPIPL. The principal terms of the Option Deed, including the Call Option, are set out in Paragraph 2.3 below.

By approving the Transaction, Shareholders will be deemed to have approved the Option Deed, including the exercise of the Call Option pursuant to the Option Deed.

- (d) **Other Salient Terms.** Pursuant to the terms of the S&P Agreement, the Sale Shares shall be sold free from encumbrances, and with all rights and advantages attaching thereto as at Completion. Other salient terms include:

- (i) **Project Development Costs:** Notwithstanding Completion taking place, SPIPL shall bear the SPIPL's Shareholding Proportion of all project development costs of the Property and the Subterranean Lot (that is, all costs (including legal costs), expenses, charges and amounts incurred and payable by OPPL in respect of works (including defects rectification works) carried out by or on behalf of OPPL in relation to the development of Ocean Financial Centre, for purposes of obtaining the issue of the Certificate of Statutory Completion) as finalised under the S&P Agreement.

- (ii) **Rental Support:** As Ocean Financial Centre is a recently completed development, SPIPL will provide rental support (the "**Rental Support**") to K-REIT for the vacant spaces, the fitting-out periods where rents and maintenance charges will not be received and the lower-than-market average rental rates as most of the leases were locked-in during the recovery phase of the global financial crisis and will be brought to market rates when the leases expire or at the next rent review dates.

Pursuant to the terms of the Rental Support, SPIPL agrees to provide rental support to K-REIT for the period commencing from the Completion Date and ending on 31 December 2016. Pursuant to the foregoing, in the event that the Net Property Income (being the difference between the total property revenue and the total operating expenses, as described in the S&P Agreement) of the First Period and each Quarterly Period (as respectively referred to in the table below), whichever is applicable, falls below the relevant Guaranteed Income Amount (as referred to in the table below) applicable, SPIPL will pay to K-REIT an amount equivalent to the difference between the Guaranteed Income Amount and the Net Property Income for that First Period or Quarterly Period multiplied by SPIPL's Shareholding Proportion together with any goods and services tax and any income tax payable (the "**Top-Up Payment**"), provided that the aggregate of all Top-Up Payments shall not in any event exceed S\$170 million.

Year	Guaranteed Income Amount for the First Period and per Quarterly Period
First Period (<i>commencing on the Completion Date and ending on 31 December 2011</i>)	S\$10,179,625
Each Quarterly Period in each calendar year ending on 31 March, 30 June, 30 September and 31 December for the period commencing from Year 2012 till Year 2016	S\$30,538,874

2.3 Other Principal Conditions Relating to the Transaction. The principal terms of the Option Deed are discussed below. For the purposes of the Option Deed, any reference to “**OPPL**” means OPPL as a company incorporated in Singapore, or in the event of the conversion of OPPL into a limited liability partnership registered under the Limited Liability Partnership Act, Chapter 163A of Singapore, the limited liability partnership being the successor of OPPL, any reference to “**SPIPL**” includes its successors or assigns, and any reference to “**RBC Dexia (in its capacity as trustee of K-REIT)**” includes its successors-in-title.

- (a) **Call Option.** Pursuant to the Option Deed, RBC Dexia (in its capacity as trustee of K-REIT), in consideration of the sum of S\$1.00, shall grant SPIPL the Call Option to acquire, at the price of S\$1.00, the entire present and future equity of OPPL other than the portion held by AIPL (or its successors and assigns), being $\frac{62,682,000}{71,630,170}$ (or approximately 87.51%) of the entire equity of OPPL (the “**Option Interest**”).

Subject to the terms of the Option Deed, the Call Option may be exercised by SPIPL after the expiry of 99 years from the date of the Option Deed⁴ (the “**Relevant Period**”) and SPIPL (as transferee of the Option Interest) shall bear any stamp duty which is prescribed under the applicable law to be borne by a transferee for the transfer of the Option Interest.

Under the Option Deed, when any Specified Event occurs:

- (i) SPIPL may request RBC Dexia (in its capacity as trustee of K-REIT) to procure that OPPL grants (at its own cost and expense) a lease(s) of the reversionary interest in the Property and, if applicable, the Subterranean Lot (collectively, the “**Reversionary Interest**”) to a special purpose vehicle (“**SPV**”) owned by SPIPL and AIPL, and the term of such lease(s) shall commence on the day immediately falling after the expiry of the Relevant Period and end on the day immediately prior to the expiry of the applicable state leases in respect of the Property and the Subterranean Lot respectively, provided that the SPV (as grantee of the Reversionary Interest) shall bear any stamp duty which is prescribed under the applicable law to be borne by a grantee for the grant of the Reversionary Interest.
- (ii) Pending the grant and registration of the Reversionary Interest, SPIPL can exercise the Call Option to require the transfer of the Option Interest to it, and in the event that the Reversionary Interest is not granted and registered in favour of the SPV within six months after the date on which SPIPL made the request referred to in sub-paragraph (i) above (the “**Specified Period**”), then SPIPL shall pay to RBC Dexia (in its capacity as trustee of K-REIT) an amount equivalent to the net tangible asset value of the Option Interest with adjustment for a market valuation of the Property as if it has a lease for the remainder of the Relevant Period (the “**Additional Consideration**”) within 15 business days after the end of the Specified Period⁵. The Additional Consideration shall be determined according to a mathematical formula, the details of which are set out in paragraph 4 of Appendix C of this Circular. The costs of granting the Reversionary Interest to the SPV and transferring the Option Interest to SPIPL (as applicable), shall be borne by RBC Dexia (in its capacity as trustee of K-REIT), provided that (aa) SPIPL (as transferee of the Option Interest) shall bear any stamp duty which is prescribed under the applicable law to be borne by a transferee for the transfer of the Option Interest, and (bb) the SPV (as grantee

⁴ As the Option Deed will be entered into, and delivered to SPIPL only at Completion, the date of the Option Deed will be the same date as the Completion Date.

⁵ As at the Latest Practicable Date, OPPL does not have intangible assets.

of the Reversionary Interest) shall bear any stamp duty which is prescribed under the applicable law to be borne by a grantee for the grant of the Reversionary Interest, as the case may be.

- (iii) However, if after the Option Interest has been transferred to SPIPL pursuant to the exercise of the Call Option described in sub-paragraph (ii) above, the Reversionary Interest is granted and registered in favour of the SPV within the Specified Period, then SPIPL will re-transfer the Option Interest to RBC Dexia (in its capacity as trustee of K-REIT) at the latter's own cost (including any stamp duty which is prescribed under the applicable law to be borne by a transferee for the transfer of the Option Interest) at S\$1.00, and pay to RBC Dexia (in its capacity as trustee of K-REIT) an amount equal to the cash distributions, if any, which SPIPL had received from OPPL during the period from the date of SPIPL's exercise of the Call Option up to the date of the re-transfer of the Option Interest to RBC Dexia (in its capacity as trustee of K-REIT).

For the foregoing purpose, "**Specified Event**" includes, among others (A) the breach of any provision of the Option Deed by RBC Dexia (in its capacity as trustee of K-REIT) (save for one exception⁶), (B) K-REIT or OPPL is insolvent or unable to pay its debts as they fall due, or stops making payment on any of its debts, (C) any step is taken by a person (other than SPIPL and its related corporations) with more than 50% of the voting rights in K-REIT or OPPL (as the case may be), with a view to, or any resolution is passed (other than by SPIPL and its related corporations) for, the winding-up of K-REIT or OPPL (as the case may be) or the appointment of a liquidator, receiver, judicial manager or similar officer of K-REIT or OPPL (as the case may be) over any part of the assets of K-REIT or OPPL (as the case may be), or (D) any resolution is passed (other than by SPIPL and its related corporations) to terminate K-REIT or an event occurs which will have the effect of terminating K-REIT. The term "**related corporation**" has the meaning assigned to it in the Companies Act.

- (b) **Right of First Refusal.** Pursuant to the Option Deed, in the event RBC Dexia (in its capacity as trustee of K-REIT) wishes to transfer the Option Interest to any person, SPIPL has a right of first refusal (the "**ROFR**") as described below.

Pursuant to the ROFR, if RBC Dexia (in its capacity as trustee of K-REIT) desires to transfer the Option Interest, it must first notify SPIPL (such notice, the "**Transfer Notice**") and SPIPL shall have the first right to purchase the Option Interest in accordance with the procedure set out in the Option Deed. RBC Dexia (in its capacity as trustee of K-REIT) shall be entitled to sell all (and not some only) of the Option Interest to the proposed buyer stated in the Transfer Notice or AIPL and no other party (the "**Buyer**") only when SPIPL's ROFR conferred under the Option Deed has been exhausted.

The Buyer must execute a novation deed under which the Buyer agrees to be bound by the Option Deed in place of RBC Dexia (in its capacity as trustee of K-REIT).

The Company will seek Shareholders' approval, if so required under applicable listing rules of the SGX-ST or other regulations then in force, for SPIPL's acquisition of the Option Interest pursuant to the ROFR at the relevant time.

⁶ The Option Deed provides that (a) RBC Dexia (in its capacity as trustee of K-REIT) is not under any obligation to procure OPPL to obtain an extension of the lease of the Subterranean Lot from the relevant authority, and (b) any failure by RBC Dexia (in its capacity as trustee of K-REIT) to notify SPIPL of the grant of such an extension will not be regarded as an occurrence of a Specified Event.

- (c) **Undertakings.** Pursuant to the Option Deed, RBC Dexia (in its capacity as trustee of K-REIT) has undertaken to SPIPL that it shall, *inter alia*, procure that OPPL shall not sell, transfer or dispose of all or any part of its interest in the Property or the Subterranean Lot, directly or indirectly unless with the prior written consent of SPIPL in its absolute discretion (irrespective of whether SPIPL is a member of OPPL or not).
- (d) **Conversion.** The Option Deed also contemplates the conversion of OPPL into a limited liability partnership registered under the Limited Liability Partnership Act, Chapter 163A of Singapore (the “**LLP Conversion**”). In order to protect SPIPL’s rights under the Option Deed in respect of the Option Interest, the following provisions are to be incorporated into the partnership agreement between RBC Dexia (in its capacity as trustee of K-REIT) and AIPL as partners of OPPL in the event of the LLP Conversion:
- (i) provisions restricting or relating to the power of OPPL to sell, transfer or dispose of the Property or the Subterranean Lot unless with the prior written consent of SPIPL but such provisions shall not restrict the power of the OPPL to create an encumbrance on the Property and the Subterranean Lot in favour of a financial institution providing credit as long as OPPL is subject to a financial covenant (the “**Financial Covenant**”). Under the Financial Covenant, the aggregate financial indebtedness of OPPL shall not at any time exceed 60% of the value of the Property and the aggregate financial indebtedness which is secured by the Property shall not at any time exceed 60% of the value of the Property. The 60% threshold shall not be deemed to be breached if it is exceeded by reason only of depreciation in the market value of the Property;
 - (ii) the restrictions on RBC Dexia (in its capacity as trustee of K-REIT) in relation to the ROFR;
 - (iii) the Financial Covenant;
 - (iv) OPPL shall not sell, transfer or otherwise deal with all or any part of the artworks, sculptures and/or other installations as endorsed and approved by the Urban Redevelopment Authority of Singapore and the Public Art Appraisal Committee (other than as part of the Property); and
 - (v) the provisions set out in sub-paragraphs (i), (ii), (iii) and (iv) above shall not be amended unless with the prior written consent of SPIPL.
- (e) **Compulsory Acquisition.** The Option Deed also provides for the apportionment of any compensation received from the relevant authorities in the event of a compulsory acquisition. The apportionment shall be made by applying a mathematical formula, the details of which are set out in paragraph 5 of Appendix C of this Circular.

2.4 Subscription of New Units in K-REIT

- (a) **K-REIT Rights Issue.** As at the Latest Practicable Date, the Company understands that an equity fund raising exercise is proposed to be undertaken by K-REIT to finance the acquisition of the Sale Shares, and the related costs and expenses (including stamp duty and professional fees) of the acquisition⁷. Such equity fund raising exercise which will be by way of the K-REIT Rights Issue will entail the issue of new K-REIT units.

⁷ This will not include the acquisition fee payable to KRAM (the manager of K-REIT) under the trust deed constituting K-REIT, payment of which will be satisfied by an issuance of new units in K-REIT.

The K-REIT Rights Issue will be subject to, *inter alia*, the approval of unitholders of K-REIT at an extraordinary general meeting of the unitholders and the lodgement of an offer information statement with the Monetary Authority of Singapore⁸.

As a substantial unitholder of K-REIT, it is the Group's intention to support K-REIT by taking up its pro-rata entitlement under the K-REIT Rights Issue. The Subscription will enable the Group to maintain its percentage unitholding in K-REIT at the equivalent level as that held by it immediately before the K-REIT Rights Issue.

Details as to matters such as the size, components and issue price of the Subscription Units will be determined by K-REIT closer to the date of commencement of the K-REIT Rights Issue. However, purely for illustrative purposes, assuming that (i) the K-REIT Rights Issue is approximately S\$983.8 million, and (ii) the Group will take up the Subscription Units (being its pro-rata entitlement) under the K-REIT Rights Issue, the Subscription Consideration would amount to approximately S\$456.5 million.

The Subscription Consideration will be satisfied wholly in cash, and will be funded by internal resources.

- (b) **Keppel Land Irrevocable Undertaking.** In connection with the K-REIT Rights Issue, the Company has on 17 October 2011 provided an irrevocable undertaking (the "**Keppel Land Irrevocable Undertaking**") to KRAM, the manager of K-REIT, pursuant to which, the Company has irrevocably undertaken to K-REIT that, *inter alia*: (i) it will directly, and/or through one or more of its wholly-owned subsidiaries, subscribe and pay in full for the Subscription Units, and (ii) subject to any prohibitions or restrictions imposed by the relevant regulatory authorities (including the SGX-ST), it will vote and/or procure that its wholly-owned subsidiaries vote (in respect of all units in K-REIT beneficially owned by it and/or its wholly-owned subsidiaries) in favour of the resolution to approve the K-REIT Rights Issue at the extraordinary general meeting of K-REIT to be convened.

The Subscription and the provision of the Keppel Land Irrevocable Undertaking will enable the Group to remain as a substantial unitholder of K-REIT and enable the Group to continue to participate in the growth of K-REIT.

A similar irrevocable undertaking has been provided by Keppel Corporation to KRAM. The Keppel Land Irrevocable Undertaking and Keppel Corporation's irrevocable undertaking shall cease if, among other things, the approval of unitholders of K-REIT for the K-REIT Rights Issue is not obtained at an extraordinary general meeting of unitholders and the K-REIT Rights Issue is not completed by 31 December 2011.

3. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

- 3.1 **Interest of Directors.** Mr Kevin Wong Kingcheung, the Group Chief Executive Officer of Keppel Land, is also deputy chairman and non-executive director of KRAM, the manager of K-REIT. Prof Tsui Kai Chong, the chairman and an independent non-executive director of KRAM and Mrs Lee Ai Ming, an independent non-executive director of KRAM, are also independent directors of the Company. The expression "independent" as used in this Paragraph 3.1 has the meaning assigned to it in the Code of Corporate Governance 2005. KRAM is a wholly-owned subsidiary of Keppel Land.

⁸ The sale and purchase of the Sale Shares will proceed if all of the conditions precedent as set out in Paragraph 2.2(b) of this Circular are fulfilled.

The Company's non-executive Chairman, Mr Choo Chiau Beng, is the chief executive officer of Keppel Corporation. Mr Teo Soon Hoe, a non-executive director of the Company, is a senior executive director of Keppel Corporation, and Mrs Oon Kum Loon, a non-executive director of the Company, is an independent director of Keppel Corporation.

- 3.2 Interest of Controlling Shareholders.** The Company is a subsidiary of Keppel Corporation. Based on the Company's Register of Substantial Shareholders as at the Latest Practicable Date, Keppel Corporation is interested in 793,932,958 Shares or approximately 53.29% of Keppel Land. As at that date, Keppel Corporation is interested (through a wholly-owned subsidiary) in 407,434,448 units of K-REIT or approximately 29.92% of K-REIT, and is also deemed to be interested in Keppel Land's indirect interest in 631,828,022 units of K-REIT or approximately 46.4% of K-REIT, amounting to an aggregate deemed interest in approximately 76.32% of K-REIT.

Keppel Corporation is therefore deemed to be interested in the Transaction by reason of its interests (through Keppel Land) in KLP, SPIPL and in K-REIT respectively. Accordingly, pursuant to Rule 919 of the Listing Manual, Keppel Corporation and its associates (as that term is defined in the Listing Manual) will abstain from voting their holding of Shares (if any) in the Company at the EGM in respect of the Ordinary Resolution to approve the Transaction.

As Keppel Corporation is required to abstain from voting on the Ordinary Resolution at the EGM in respect of the Transaction, each of Mr Choo Chiau Beng, Mr Teo Soon Hoe and Mrs Oon Kum Loon being Keppel Corporation's representatives on the Board, and each of Mr Kevin Wong Kingcheung, Prof Tsui Kai Chong and Mrs Lee Ai Ming, being also directors of KRAM, the manager of K-REIT, have abstained from making any recommendation to Shareholders on the Transaction. They will also abstain from voting on the Ordinary Resolution to be tabled at the EGM for the approval of the Transaction in respect of Shares (if any) held by them. As such, they will decline to accept appointment as proxies for Shareholders at the EGM unless the Shareholder concerned (being a minority Shareholder) shall have given specific instructions in his Proxy Form as to the manner in which his vote is to be cast in respect of the Ordinary Resolution relating to the Transaction.

Based on the Company's Register of Substantial Shareholders, as at the Latest Practicable Date, Temasek is deemed (including through its interests in Keppel Corporation), to be interested in approximately 53.29% of Keppel Land and approximately 76.32% of K-REIT. As at that date, Temasek has no direct interest in the issued share capital of the Company.

By virtue of its interests in the issued Shares, Temasek is deemed to be a controlling shareholder of the Company. Temasek is therefore deemed to be interested in the Transaction by reason of its interests (through Keppel Corporation) in KLP, SPIPL and in K-REIT respectively. Accordingly, pursuant to Rule 919 of the Listing Manual, Temasek and its associates (other than Keppel Corporation and its associates, which are already covered in the preceding paragraphs) will abstain from voting their holding of Shares (if any) in the Company at the EGM in respect of the Ordinary Resolution to approve the Transaction.

Save as disclosed above, and based on the information available to the Company as at the Latest Practicable Date, none of the Directors or (to the best of the knowledge of the Directors) controlling shareholders of the Company has any interest, direct or indirect, in the Transaction otherwise than through their interests (if any) in the securities of the Company and units of K-REIT.

3.3 Other Information. Shareholders' attention is drawn to the additional information set out in Appendix C of this Circular.

4. RATIONALE

The Transaction brings the following strategic and commercial advantages to Keppel Land:

- (a) The Transaction will enable Keppel Land to partially monetise its interest in OPPL to reinvest in other investments to maximise overall returns for Keppel Land and its Shareholders.
- (b) As Keppel Land has a substantial interest in K-REIT, it can continue to enjoy a substantial share of the rental income or potential capital value upside and yet unlock approximately S\$492.7 million of net capital gain from the Transaction.
- (c) The Transaction will also help to grow Keppel Land's fund management business in K-REIT to provide a stable source of fee income to balance the cyclical property development earnings.
- (d) Ocean Financial Centre will provide K-REIT with a strong branding as a key premier office landlord in the Marina Bay and Raffles Place areas. The Transaction will increase the size of its assets under management substantially from approximately S\$3.9 billion to approximately S\$5.9 billion. As a substantial unitholder, Keppel Land will continue to benefit from the growth of K-REIT as well as the potential upside of its unit price.
- (e) As Keppel Land owns a sizeable portfolio of quality office space in Singapore for investment, the Transaction is a good opportunity for Keppel Land to unlock part of its investment holding especially given the strategic commercial reasons and the volatile economic climate.

5. FINANCIAL EFFECTS

5.1 Share Capital of the Company. Neither the Transaction nor the Subscription involves the issue or allotment of new Shares. As such, there is no effect on the share capital of the Company.

5.2 Financial Effects of the Transaction on the Group. Assuming the Transaction is effected at the Sale Consideration of approximately S\$1,571.3 million, based on the audited consolidated financial statements of the Company for FY2010:

- (a) had the Transaction been effected on 1 January 2010, the Group's basic earnings per Share for the financial year ended 31 December 2010 would have increased from 72.8 cents to 108.4 cents; and
- (b) had the Transaction been effected on 31 December 2010, the Group's NTA per Share as at 31 December 2010 would have increased from S\$2.97 to S\$3.61.

On the above basis, the Group would expect to realise a net gain of about S\$492.7 million and receive net proceeds (after deducting transaction expenses) of approximately S\$1,569.3 million from the Transaction for FY2010.

5.3 Financial Effects of the Subscription on the Group. Assuming that the Subscription is effected at the Subscription Consideration of approximately S\$456.5 million, based on the audited consolidated financial statements of the Company for FY2010:

- (a) had the Subscription been effected on 1 January 2010, the impact on the Group's basic earnings per Share for the financial year ended 31 December 2010 would be immaterial; and
- (b) had the Subscription been effected on 31 December 2010, the impact on the Group's NTA per Share as at 31 December 2010 would be immaterial.

5.4 Combined Financial Effects. The *pro forma* combined financial effects of the Transaction and the Subscription as set out below are based on historical financial data and are intended **for illustration purposes only**. They do not necessarily reflect the Group's future financial position and earnings, and are prepared on the following bases and assumptions:

- (a) the Transaction and the Subscription had taken place (i) for the purposes of the balance sheet, on 31 December 2010, being the date to which the latest audited financial statements of the Group, were made up to, and (ii) for the purposes of the profit and loss account, on 1 January 2010, being the start of the Group's latest audited financial year, respectively;
- (b) the Transaction was effected at the Sale Consideration of approximately S\$1,571.3 million and the Subscription was effected at the Subscription Consideration of approximately S\$456.5 million; and
- (c) after the Transaction and the Subscription, the Group continues to own 46.4% of K-REIT.

31 December 2010	Before Transaction and Subscription	After Transaction and Subscription
<u>Impact on Group Earnings</u>		
Net profit after income tax and non-controlling interests (S\$ million)	1,045.8	1,553.3
Weighted average number of Shares ('000)	1,437,145	1,437,145
Basic earnings per Share (cents)	72.8	108.1
<u>Impact on Group NTA</u>		
NTA (S\$ million) ⁽¹⁾	4,301.3	5,240.6
NTA per Share (S\$)	2.97	3.61
<u>Impact on Net Debt-Equity Ratio</u>		
Total shareholders' funds (S\$ million) ⁽²⁾	4,640.3	5,504.5
Net borrowings/(cash) (S\$ million) ⁽³⁾	927.4	(556.6)
Net debt-equity ratio/(Net cash-equity ratio) (%)	20.0	(10.1)

Notes:

- (1) The NTA "After Transaction and Subscription" is arrived at after taking into account estimated expenses of S\$2 million in relation to the Transaction.
- (2) "Total shareholders' funds" means the amount represented by the aggregate of the issued and paid up ordinary share capital, reserves and non-controlling interests.
- (3) "Net borrowings/(cash)" means the aggregate amount of borrowings from banks and financial institutions, convertible bonds and medium term notes, net of cash and fixed deposit balances.

6. AUDIT COMMITTEE'S STATEMENT AND RECOMMENDATION OF THE INDEPENDENT DIRECTORS

- 6.1 PPCF's Advice to the Independent Directors and the Audit Committee.** Pursuant to Chapter 9 of the Listing Manual, PPCF has been appointed as independent financial adviser to the Independent Directors and the Audit Committee to advise them on the financial terms of the Transaction and to provide an opinion on whether the financial terms of the Transaction are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. A copy of PPCF's letter of advice to the Independent Directors and the Audit Committee dated 19 October 2011 is reproduced in Appendix A of this Circular. **Shareholders are advised to read PPCF's letter of advice carefully.**

Based on the considerations set out in its letter, and subject to the assumptions and qualifications set out therein, **PPCF is of the opinion that the financial terms of the Transaction are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.** Accordingly, PPCF has advised the Independent Directors to recommend that minority Shareholders vote in favour of the Transaction.

- 6.2 Audit Committee's Statement.** The Audit Committee comprises Prof Tsui Kai Chong (Chairman), Mrs Lee Ai Ming, Mr Heng Chiang Meng, all of whom are independent non-executive directors of the Company, and Mr Teo Soon Hoe and Mrs Oon Kum Loon, both of whom are non-independent non-executive directors of the Company. In view of Prof Tsui and Mrs Lee being also the independent non-executive chairman and an independent non-executive director respectively of KRAM (the manager of K-REIT), they have abstained from participating in the decision-making and recommendation of the directors of KRAM with respect to the Transaction from the perspective of K-REIT, and have also abstained from the Audit Committee's deliberations with respect to the Transaction. In view of Mr Teo being also a senior executive director of Keppel Corporation, and Mrs Oon being an independent director of Keppel Corporation, they have also abstained from the Audit Committee's deliberations with respect to the Transaction. The expression "independent" as used in this Paragraph 6.2 has the meaning assigned to it in the Code of Corporate Governance 2005.

The Audit Committee (comprising Mr Heng Chiang Meng, with Prof Tsui, Mrs Lee, Mr Teo and Mrs Oon abstaining for the reasons explained above) has considered the terms of the Transaction as well as the advice of PPCF, and is of the view that the Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

- 6.3 Independent Directors' Recommendation.** Shareholders should read and consider carefully the statement of the Audit Committee, the recommendation of the Independent Directors and the advice of PPCF in its entirety before giving their approval to the Transaction. Shareholders are also urged to read carefully the principal terms and conditions of the Transaction, the rationale for the Transaction, and the financial effects of the Transaction as respectively set out in Paragraphs 2, 4 and 5 of this Circular.

The Independent Directors have considered carefully the advice of PPCF given in its letter set out in Appendix A of this Circular. The Independent Directors concur with the advice of PPCF that the financial terms of the Transaction are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

Accordingly, taking into consideration the statement of the Audit Committee and the advice of PPCF, **the Independent Directors recommend that minority Shareholders vote in favour of the Ordinary Resolution relating to the Transaction at the EGM.**

The Independent Directors further recommend that any individual Shareholder who may require specific advice to consult his stockbroker, bank manager, accountant or other professional adviser.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

7.1 Directors' Interests. Except as disclosed below, none of the Directors has any interest, direct or indirect, in the share capital of the Company and/or units of K-REIT as at the Latest Practicable Date:

Directors ⁽¹⁾	Direct Interest		Deemed Interest		No. of Shares in outstanding share options	No. of Shares in outstanding:	
	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾		PSP ⁽³⁾	RSP ⁽⁴⁾
Choo Chiau Beng	346,124	0.02	—	—	—	—	—
Kevin Wong Kingcheung	2,961,789	0.20	—	—	551,957	540,000	103,700
Edward Lee Kwong Foo	137,148	0.01	—	—	—	—	—

Directors ⁽¹⁾	Direct Interest		Deemed Interest	
	No. of K-REIT units	% ⁽²⁾	No. of K-REIT units	% ⁽²⁾
Choo Chiau Beng	2,635,000	0.19	—	—
Kevin Wong Kingcheung	2,888,976	0.21	—	—
Lim Ho Kee	—	—	400,000	0.03
Tsui Kai Chong	—	—	200,000	0.01
Lee Ai Ming	460,000	0.03	—	—
Tan Yam Pin	—	—	100,000	0.01

Notes:

- (1) Based on the Company's Register of Directors' Shareholdings as at the Latest Practicable Date.
- (2) Percentage shareholding interests in the above tables are based on 1,489,849,664 issued Shares (excluding treasury shares) as at the Latest Practicable Date, and 1,361,615,122 issued units of K-REIT as at the Latest Practicable Date.
- (3) This refers to the number of Shares which are the subject of contingent awards granted but not released under the Company's Performance Share Plan ("PSP"). Depending on the achievement of pre-determined performance targets, the actual release of awards could range from zero to a maximum of 150%.
- (4) This refers to the number of Shares which are the subject of contingent awards granted but not released as well as the number of Shares that were released but not vested under the Company's Restricted Share Plan ("RSP"). For the contingent awards, depending on the achievement of pre-determined performance targets, the actual release of awards could be zero or 100%.

- 7.2 Substantial Shareholders' Interests.** The Substantial Shareholders and their interests in issued Shares as at the Latest Practicable Date, based on the Company's Register of Substantial Shareholders, are as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Substantial Shareholders				
Temasek ⁽¹⁾	—	—	793,933,471	53.29
Keppel Corporation	793,864,958	53.28	68,000	0.01

Notes:

- (1) Temasek holds approximately 21.16% of the issued shares of Keppel Corporation, and is deemed to be interested in the Shares held by Keppel Corporation and its wholly-owned subsidiary in the Company.
- (2) Percentage shareholding interests in the above table are based on 1,489,849,664 issued Shares (excluding treasury shares) as at the Latest Practicable Date.

8. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 50 of this Circular, will be held at Marina Bay Sands Expo and Convention Centre, Level 3, Hibiscus Main Ballroom (3601A to 3703), 10 Bayfront Avenue, Singapore 018956 on Thursday, 10 November 2011 at 11.00 a.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the Ordinary Resolution set out in the Notice of EGM.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

- 9.1 Proxies.** If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 230 Victoria Street #15-05, Bugis Junction Towers, Singapore 188024 by not later than 11.00 a.m. on Tuesday, 8 November 2011. The completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM in person if he so wishes. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to be revoked if the Shareholder attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the EGM.

If a Shareholder (being an independent Shareholder) wishes to appoint any of Mr Choo Chiau Beng, Mr Teo Soon Hoe, Mr Kevin Wong Kingcheung, Prof Tsui Kai Chong, Mrs Lee Ai Ming and/or Mrs Oon Kum Loon, as his proxy/proxies for the EGM, he should give specific instructions in his Proxy Form as to the manner in which his vote is to be cast in respect of the Ordinary Resolution relating to the Transaction.

- 9.2 Depositors.** A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the EGM.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Transaction, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

Yours faithfully
KEPPEL LAND LIMITED

Choo Chiau Beng
Chairman

**LETTER FROM PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.
TO THE INDEPENDENT DIRECTORS AND THE AUDIT COMMITTEE**

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

20 Cecil Street
#21-02 Equity Plaza
Singapore 049705

19 October 2011

To: The Independent Directors and the Audit Committee of
Keppel Land Limited

Dear Sir/Madam

**INDEPENDENT FINANCIAL ADVICE WITH RESPECT TO THE PROPOSED DIVESTMENT OF INTEREST
IN OCEAN PROPERTIES PTE. LIMITED**

For the purpose of this letter, capitalised terms not otherwise defined shall have the same meaning given to them in the circular dated 19 October 2011 to the shareholders of Keppel Land Limited (the “Circular”)

1. INTRODUCTION

On 17 October 2011, Keppel Land Limited (“**Keppel Land**” or the “**Company**”) announced that Straits Property Investments Pte Ltd (“**SPIPL**”) as vendor, and Keppel Land Properties Pte Ltd (“**KLP**”) as guarantor, have entered into a conditional share purchase agreement (the “**S&P Agreement**”) with RBC Dexia Trust Services Singapore Limited (“**RBC Dexia**”) (in its capacity as trustee of K-REIT Asia (“**K-REIT**”)) as purchaser, for the sale by SPIPL of the Sale Shares (representing an approximate 87.51% shareholding interest in Ocean Properties Pte. Limited (“**OPPL**”) (the “**OFC Interest**”)) to K-REIT for a term of 99 years (the “**Transaction**”).

OPPL is the owner of the office building known as Ocean Financial Centre located at 10 Collyer Quay (the “**Property**”). The Property is located on a site with a 999-year leasehold that commenced from 22 June 1862. The Subterranean Lot is located on a site with a 99-year leasehold that commenced from 13 June 2001.

SPIPL and KLP are direct wholly-owned subsidiaries of the Company. As at the Latest Practicable Date, the Company has an indirect aggregate interest of approximately 46.4% in K-REIT.

In essence, as SPIPL will be divesting its shareholding in OPPL (that is, the Sale Shares), together with the rights and benefits of a shareholder, to K-REIT for a term of 99 years, the Transaction will be effected *via*:

- (a) the transfer by SPIPL of the Sale Shares to K-REIT pursuant to the S&P Agreement; and
- (b) the subsequent re-transfer by K-REIT of the Sale Shares (or its equivalent, in the event of a restructuring of OPPL or its share capital) to SPIPL under a call option (“**Call Option**”) exercisable by SPIPL upon the expiry of 99 years from the date of completion of the sale of the Sale Shares to K-REIT under (a) above, unless certain events occur, which would allow the Call Option to be exercised earlier.

The Transaction is structured in this manner to reflect the consideration for the Sale Shares which is premised on OPPL holding the underlying asset with only a 99-year lease term and not a 999-year lease term.

As at the Latest Practicable Date, Keppel Corporation Limited ("**Keppel Corporation**"), a controlling shareholder of the Company, was interested in approximately 53.29% of Keppel Land and in approximately 29.92% of K-REIT. Additionally, Keppel Corporation was deemed to be interested in Keppel Land's indirect interest in approximately 46.4% of K-REIT, amounting to an aggregate deemed interest in approximately 76.32% of K-REIT.

Under Chapter 9 of the Listing Manual (which governs interested person transactions) where the value of a transaction with an interested person singly, or, on aggregation with the values of other transactions conducted with the same interested person in the same financial year equals or exceeds 5% of the Group's latest audited NTA, that transaction shall be subject to Shareholders' approval.

The Transaction is considered to be an interested person transaction for the Company under Chapter 9 of the Listing Manual as K-REIT is regarded as an associate of Keppel Corporation and, thus, an "interested person" for the purposes of Chapter 9 of the Listing Manual.

Based on the Sale Consideration of approximately S\$1,571.3 million and having regard to the Company's approximate 46.4% indirect interest in K-REIT, the value of the Transaction to which the Company is considered to be at risk pursuant to Rule 909 of the Listing Manual amounted to approximately S\$842.2 million (being approximately 53.6% of the Sale Consideration) representing approximately 19.6% of the audited NTA of the Group of S\$4,301.3 million as at 31 December 2010¹.

In accordance with Chapter 9 of the Listing Manual, the Transaction is an interested person transaction, the value of which (being the amount to which the Company is considered to be at risk as mentioned above) is more than 5% of the latest audited NTA of the Group, and hence subject to the approval of minority Shareholders.

PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**") has been appointed by the Company as the independent financial adviser to advise the Independent Directors and the Audit Committee on the financial terms of the Transaction and to provide an opinion on whether or not the financial terms of the Transaction are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. This letter sets out, *inter alia*, our views on and evaluation of the financial terms of the Transaction and our opinion thereon, and will form part of the Circular.

2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors and the Audit Committee on the financial terms of the Transaction and to provide an opinion on whether the financial terms of the Transaction are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

We were neither a party to the negotiations entered into by the Company, SPIPL, K-REIT, KLP and RBC Dexia in relation to the Transaction nor were we involved in the deliberations leading up to the decision on the part of the directors of the Company ("**Directors**") to enter

¹ If it was computed based on the Relevant Property Value of S\$2,013.1 million (as referred to in Paragraph 2.2(a) of the Circular), then 53.6% thereof amounts to S\$1,079 million or approximately 25.1% of the audited NTA of the Group of S\$4,301.3 million as at 31 December 2010.

into the Transaction. We have confined our evaluation to the financial terms of the Transaction and have not taken into account the commercial risks or commercial merits of the Transaction.

Our terms of reference do not require us to evaluate or comment on the strategic or long-term merits of the Transaction or on the future prospects of the Company or the Group or the negotiation process by which the Transaction is made or any other alternative methods by which the Transaction may be made. Such evaluations and comments remain the sole responsibility of the Directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter.

We were also not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Transaction. We are therefore not addressing the relative merits of the Transaction as compared to any alternative transaction that may be available to the Group in the future.

In the course of our evaluation of the financial terms of the Transaction, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Group. We have also relied on information provided and representations made by the Directors and the management of the Company (the **"Management"**) and the Company's solicitors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, expressed or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made such enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the accuracy or reliability of the information.

We have relied upon the assurances of the Directors (including those who may have delegated detailed supervision of the Circular) that, upon making all reasonable inquiries and to the best of their respective knowledge and belief, all facts stated and opinions expressed in the Circular (except our letter as set out in the Circular) which relate to the Transaction and the Group are fair and accurate and that there are no material facts the omission of which would make any statement in the Circular misleading in any material respect. The Directors collectively and individually accept responsibility accordingly.

For the purposes of assessing the financial terms of the Transaction and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company or the Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company or the Group in connection with our opinion in this letter.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, investments) of the Company, the Group or the Transaction. We have only relied on the independent valuation report prepared by Colliers International Consultancy & Valuation (Singapore) Pte Ltd (**"Colliers"**) in relation to the valuation of the OFC Interest (including the provision of a rental support of up to S\$170 million) as at 10 October 2011.

Our opinion as set out in this letter is based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as of the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.

Shareholders should further take note of any announcements relevant to their consideration of the Transaction which may be released by the Company after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than our letter as set out in the Circular). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than our letter as set out in the Circular).

Our opinion in respect of the Transaction, as set out in Paragraph 8 of this letter, should be considered in the context of the entirety of this letter and the Circular.

3. THE PRINCIPAL TERMS OF THE TRANSACTION AND OTHER CONSIDERATIONS

The full text of the details of the Transaction, including its principal terms, is set out in Paragraphs 2.2 and 2.3 of the Circular. **We recommend that the Independent Directors and the Audit Committee advise the minority Shareholders to read these paragraphs of the Circular very carefully.**

4. SUBSCRIPTION OF NEW UNITS IN K-REIT

The full text of the information relating to the subscription of new units in K-REIT is set out in Paragraph 2.4 of the Circular and has been reproduced in italics below. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise defined.

“K-REIT Rights Issue. As at the Latest Practicable Date, the Company understands that an equity fund raising exercise is proposed to be undertaken by K-REIT to finance the acquisition of the Sale Shares, and the related costs and expenses (including stamp duty and professional fees) of the acquisition⁷. Such equity fund raising exercise which will be by way of the K-REIT Rights Issue will entail the issue of new K-REIT units.

The K-REIT Rights Issue will be subject to, inter alia, the approval of unitholders of K-REIT at an extraordinary general meeting of the unitholders and the lodgement of an offer information statement with the Monetary Authority of Singapore⁸.

As a substantial unitholder of K-REIT, it is the Group’s intention to support K-REIT by taking up its pro-rata entitlement under the K-REIT Rights Issue. The Subscription will enable the Group to maintain its percentage unitholding in K-REIT at the equivalent level as that held by it immediately before the K-REIT Rights Issue.

⁷ This will not include the acquisition fee payable to KRAM (the manager of K-REIT) under the trust deed constituting K-REIT, payment of which will be satisfied by an issuance of new units in K-REIT.

⁸ The sale and purchase of the Sale Shares will proceed if all of the conditions precedent as set out in Paragraph 2.2(b) of the Circular are fulfilled.

Details as to matters such as the size, components and issue price of the Subscription Units will be determined by K-REIT closer to the date of commencement of the K-REIT Rights Issue. However, purely for illustrative purposes, assuming that (i) the K-REIT Rights Issue is approximately S\$983.8 million, and (ii) the Group will take up the Subscription Units (being its pro-rata entitlement) under the K-REIT Rights Issue, the Subscription Consideration would amount to approximately S\$456.5 million.

The Subscription Consideration will be satisfied wholly in cash, and will be funded by internal resources.

Keppel Land Irrevocable Undertaking. *In connection with the K-REIT Rights Issue, the Company has on 17 October 2011 provided an irrevocable undertaking (the “Keppel Land Irrevocable Undertaking”) to KRAM, the manager of K-REIT, pursuant to which, the Company has irrevocably undertaken to K-REIT that, inter alia: (i) it will directly, and/or through one or more of its wholly-owned subsidiaries, subscribe and pay in full for the Subscription Units, and (ii) subject to any prohibitions or restrictions imposed by the relevant regulatory authorities (including the SGX-ST), it will vote and/or procure that its wholly-owned subsidiaries vote (in respect of all units in K-REIT beneficially owned by it and/or its wholly-owned subsidiaries) in favour of the resolution to approve the K-REIT Rights Issue at the extraordinary general meeting of K-REIT to be convened.*

The Subscription and the provision of the Keppel Land Irrevocable Undertaking will enable the Group to remain as a substantial unitholder of K-REIT and enable the Group to continue to participate in the growth of K-REIT.

A similar irrevocable undertaking has been provided by Keppel Corporation to KRAM. The Keppel Land Irrevocable Undertaking and Keppel Corporation’s irrevocable undertaking shall cease if, among other things, the approval of unitholders of K-REIT for the K-REIT Rights Issue is not obtained at an extraordinary general meeting of unitholders and the K-REIT Rights Issue is not completed by 31 December 2011.”

5. INFORMATION ON OPPL AND THE PROPERTY

The full text of the information relating to OPPL and the Property is set out in Paragraph 2.1 of the Circular and has been reproduced in italics below. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise defined.

“OPPL and the Property. *As at the Latest Practicable Date, OPPL has an issued share capital of approximately S\$76.6 million comprising 71,630,170 fully paid ordinary shares. The Sale Shares comprise 62,682,000 fully paid ordinary shares held by SPIPL in OPPL. The balance 8,948,170 fully paid ordinary shares are held by AIPL, an unrelated third party. The Sale Shares represent SPIPL’s Shareholding Proportion or approximately 87.51% of the issued shares of OPPL.*

Ocean Financial Centre is a 43-storey Grade A office building comprising an office tower with ancillary retail, carpark facilities and the Subterranean Lot, totaling about 884,957 square feet net lettable area as well as state-of-the-art environmentally responsible features. Located at the intersection of the central business district and the new financial hub at Marina Bay, Ocean Financial Centre is committed to blue-chip financial institutions such as Australia and New Zealand Banking Group Limited and BNP Paribas. The temporary occupation permits for the office tower were issued on 14 March 2011 and 29 April 2011. As at 15 September 2011, Ocean Financial Centre was approximately 80% leased.

Ocean Financial Centre, which will have direct underground pedestrian access to the Raffles Place Mass Rapid Transit station, is a fourth generation building constructed at the same historical site as the former Ocean Building.”

6. EVALUATION OF THE TRANSACTION

In our evaluation of the financial terms of the Transaction, we have considered the following factors which we consider to be pertinent and to have a significant bearing on our assessment:

- (1) Rationale for the Transaction;
- (2) Independent valuation of the OFC Interest;
- (3) Rental Support;
- (4) Computation of the Sale Consideration;
- (5) Comparison with past transactions involving the Property;
- (6) Comparison with relevant past transactions in Singapore;
- (7) Comparison with recent valuations of comparable properties in Singapore; and
- (8) Financial effects of the Transaction.

6.1 Rationale for the Transaction

The full text of the rationale for the Transaction is set out in Paragraph 4 of the Circular and has been reproduced in italics below.

“The Transaction brings the following strategic and commercial advantages to Keppel Land:

- (a) The Transaction will enable Keppel Land to partially monetise its interest in OPPL to reinvest in other investments to maximise overall returns for Keppel Land and its Shareholders.*
- (b) As Keppel Land has a substantial interest in K-REIT, it can continue to enjoy a substantial share of the rental income or potential capital value upside and yet unlock approximately S\$492.7 million of net capital gain from the Transaction.*
- (c) The Transaction will also help to grow Keppel Land’s fund management business in K-REIT to provide a stable source of fee income to balance the cyclical property development earnings.*
- (d) Ocean Financial Centre will provide K-REIT with a strong branding as a key premier office landlord in the Marina Bay and Raffles Place areas. The Transaction will increase the size of its assets under management substantially from approximately S\$3.9 billion to approximately S\$5.9 billion. As a substantial unitholder, Keppel Land will continue to benefit from the growth of K-REIT as well as the potential upside of its unit price.*
- (e) As Keppel Land owns a sizeable portfolio of quality office space in Singapore for investment, the Transaction is a good opportunity for Keppel Land to unlock part of its investment holding especially given the strategic commercial reasons and the volatile economic climate.”*

6.2 Independent valuation of the OFC Interest

For the purpose of the Transaction, SPIPL has commissioned an independent valuation of the Property and the Subterranean Lot by Colliers which has valued an approximate 87.51% interest in the Property and the Subterranean Lot based on a 99-year interest in the development (the “**Independent Valuation**”). The valuation certificate of Colliers in respect of the OFC Interest is attached as Appendix B of the Circular. The table below sets out a summary of the Independent Valuation.

Independent Valuer	Date of Valuation	Method of Valuation	Valuation of the OFC Interest
Colliers	10 October 2011	Current market value basis using the investment method, direct comparison method, and discounted cash flow analysis	S\$2,010 million

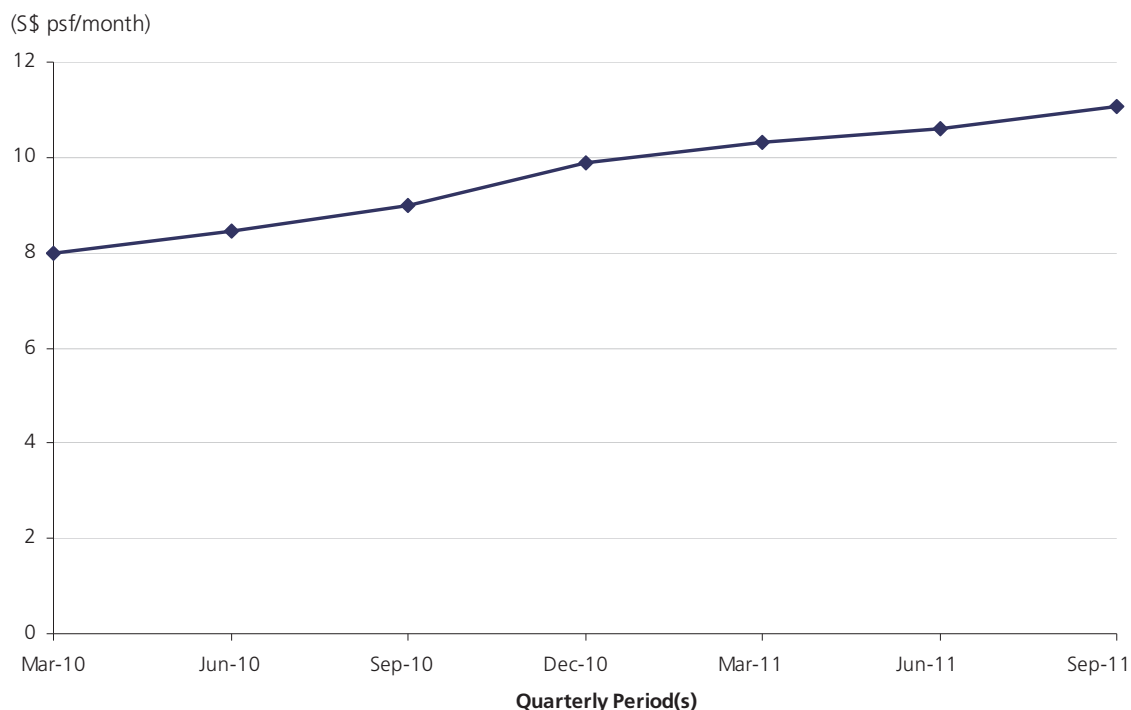
We understand that the Independent Valuation has taken into account the provision of rental support of up to S\$170 million to be provided by SPIPL to K-REIT and assumed the satisfactory completion of the development of Ocean Financial Centre. We also understand that the Independent Valuation of the Property and the Subterranean Lot is based on a 99-year interest in the development.

6.3 Rental Support

As the Property is a recently completed development, SPIPL will provide rental support (the “**Rental Support**”) to K-REIT for the vacant spaces, the fitting-out periods where rents and maintenance charges will not be received and the lower-than-market average rental rates. Pursuant to the terms of the Rental Support, SPIPL agrees to provide rental support of up to S\$170 million to K-REIT for the period commencing from the Completion Date and ending on 31 December 2016.

Based on our discussion with the Management, we understand that majority of the office leases were pre-committed by mid 2010, during the recovery phase of the global financial crisis when the average Grade A office rents were relatively lower. Majority of the aforementioned pre-committed leases are fairly long leases of about 5 to 6 years and will be brought to market rates when the leases expire or at the next rent review dates. For illustration purposes, we set out the following chart which shows the rising trend of average rental rates per quarter for Grade A office space since the first quarter of 2010:

Quarterly average Grade A office rents from March 2010 to September 2011



Source: CBRE Singapore MarketView

6.4 Computation of the Sale Consideration

The Sale Consideration, which was negotiated on a willing-buyer and willing-seller basis, shall be equal to the SPIPL's Shareholding Proportion of the adjusted net tangible asset value (the "**Adjusted NTA**") of OPPL as at the date on which the S&P Agreement is completed (the "**Completion Date**"). The Sale Consideration is to be satisfied wholly in cash.

For illustration purposes, based on the Applicable Property Value (as defined below) and the unaudited Adjusted NTA of OPPL as at 31 July 2011, the estimated Sale Consideration is approximately S\$1,571.3 million (subject to completion and post-completion adjustments). We set out below a table tabulating the calculation of the estimated Sale Consideration of S\$1,571.3 million based on the illustrative *pro forma* balance sheet of OPPL as set out in Schedule 2 of the S&P Agreement:

	S\$ million
Applicable Property Value	2,300.5
<i>Based on the unaudited management accounts of OPPL as at 31 July 2011:</i>	
Fixed Assets ^(Note)	—
Current Assets	12.6
Current Liabilities	(205.0)
Non-Current Liabilities	(380.7)
Exclusions (comprising deferred tax liabilities and rent incentives granted to tenants)	68.2
Adjusted NTA	1,795.6
Sale Consideration (87.51% of the Adjusted NTA)	1,571.3

Note: The "Fixed Assets" were approximately S\$0.02 million.

We note that the Relevant Property Value of approximately S\$2,013.1 million, representing an approximate 87.51% interest in the Applicable Property Value of S\$2,300.5 million, is in line with the Independent Valuation of S\$2,010 million.

We further note that upon completion of the S&P Agreement ("**Completion**"), the provisional Sale Consideration payable will be calculated based on the Completion *pro forma* accounts of OPPL as at the Completion Date prepared by SPIPL, and is subject to post-completion adjustments. After Completion, OPPL will prepare Completion accounts as at the Completion Date which will be reviewed by the independent auditors jointly appointed by SPIPL and RBC Dexia (in its capacity as trustee of K-REIT) in accordance with the terms of the S&P Agreement. In the event of any difference between the provisional Sale Consideration paid by RBC Dexia (in its capacity as trustee of K-REIT) to SPIPL at Completion and the final Sale Consideration as determined by the independent auditors following its review, then (i) if the final Sale Consideration is higher than the provisional Sale Consideration, the amount of the difference shall be paid by RBC Dexia (in its capacity as trustee of K-REIT) to SPIPL, and (ii) if the final Sale Consideration is lower than the provisional Sale Consideration, the amount of the difference shall be paid by SPIPL to RBC Dexia (in its capacity as trustee of K-REIT).

6.5 Comparison with past transactions involving the Property

As the Property was recently completed and had only received the temporary occupation permits during the current year 2011, there had been no instances of past completed transactions relating to the Property.

6.6 Comparison with relevant past transactions in Singapore

We have identified and reviewed past completed transactions of broadly comparable prime office buildings located within the central⁽¹⁾ region of Singapore (the “**Relevant Precedent Transactions**”), where information is publicly available, during the approximately one year period from 11 October 2010 to the Latest Practicable Date.

Announcement date	Property name	Seller	Purchaser	Consideration (\$ million)	Estimated years to lease expiry from announcement date	Attributable NLA (sf)	Consideration per NLA (\$\$ psf)	Capitalisation rate
22 Mar 2011	One Finlayson Green	Lucrum Capital (Real Investment)	Kerisvale Pte Ltd	227.0	Freehold	89,950	2,524	Not available
20 Mar 2011	Capital Square	Ergo Insurance Group	Alpha Investment Partners Limited and NTUC Income	889.0	84	386,525	2,300	4.00%
26 Oct 2010	Marina Bay Financial Centre (“MBFC”) Phase 1 ⁽²⁾ (1/3 stake)	Choicewide Group Limited	Suntec REIT	1,495.8 ⁽³⁾	93	582,377 ⁽⁵⁾	(a) 2,568 ⁽⁶⁾ (b) 2,400 ⁽⁶⁾	4.70% ⁽⁸⁾
11 Oct 2010	MBFC Phase 1 ⁽²⁾ (1/3 stake)	Bayfront Development Pte Ltd	K-REIT	1,426.8 ⁽⁴⁾	93	582,377 ⁽⁵⁾	(a) 2,450 ⁽⁷⁾ (b) 2,400 ⁽⁷⁾	4.70% ⁽⁸⁾
Maximum							2,524 ⁽⁹⁾	4.70%
Minimum							2,300 ⁽⁹⁾	4.00%
Average							2,406 ⁽⁹⁾	4.47%
Weighted Average (by NLA)							2,383 ⁽⁹⁾	
Median							2,400 ⁽⁹⁾	4.70%
17 Oct 2011	OFC Interest	SPIPL	K-REIT	2,013.1⁽¹⁰⁾	99⁽¹¹⁾	774,407⁽¹²⁾	(a) 2,600⁽¹³⁾ (b) 2,380⁽¹³⁾	4.17%⁽¹⁴⁾

Sources: The Company, analyst reports and public announcements by the seller or the purchaser in respect of the transactions

Notes:

- (1) An urban region in the south of the city-state of Singapore as defined by the Urban Redevelopment Authority, Singapore.
- (2) Refers to Marina Bay Financial Centre Towers 1 and 2, and Marina Bay Link Mall.
- (3) The figure is based on the attributable 1/3 stake in MBFC Phase 1 and is inclusive of rental support of up to S\$113.9 million.
- (4) The figure is based on the attributable 1/3 stake in MBFC Phase 1 and is inclusive of rental support of up to S\$29 million.
- (5) Based on 1/3 stake of the total NLA of MBFC Phase 1 as stated in the circulars issued separately by Keppel Land and Suntec REIT each dated 8 November 2010.
- (6) Figure (a) takes into consideration the rental support of up to S\$113.9 million and figure (b) does not take into account the present value of the aforementioned rental support as stated in the announcement released by Suntec REIT on 26 October 2010 in relation to the transaction.

- (7) Figure (a) takes into consideration the rental support of up to S\$29 million and figure (b) does not take into account the said rental support.
- (8) Based on an average monthly gross rent of approximately S\$9.40 psf (for both office and retail units weighted by NLA, inclusive of monthly service charge) as stated in the circular issued by Keppel Land on 8 November 2010, excluding the rental support in relation to each of the transactions.
- (9) Based on figures which exclude rental support where information is publicly available.
- (10) The figure refers to the Relevant Property Value, based on a 99-year interest in the OFC Interest inclusive of a rental support of up to S\$170 million.
- (11) The Independent Valuation has been based on, *inter alia*, a 99-year interest in the OFC Interest.
- (12) Based on the SPIPL's Shareholding Proportion of the total NLA of 884,957 sf as stated in the valuation certificate of Colliers attached as Appendix B of the Circular.
- (13) Figure (a) takes into consideration the rental support of up to S\$170 million and figure (b) does not take into account the said rental support.
- (14) Based on an average monthly committed gross rent of approximately S\$89.05 psm (converted at 1 sm: 10.7639 sf) as stated in the valuation certificate of Colliers in respect of the OFC Interest attached as Appendix B of the Circular, excluding the rental support of up to S\$170 million.

In reviewing the information above, we note the following with respect to the Transaction:

- (i) The Relevant Property Value of the OFC Interest per NLA (excluding the rental support of up to S\$170 million) of approximately S\$2,380 psf in connection with the Transaction is within the range of between S\$2,300 psf and S\$2,524 psf, and lower than the simple average of S\$2,406 psf, the weighted average of S\$2,383 psf and the median of S\$2,400 psf (the aforesaid figures exclude rental support where information is publicly available) in respect of the Relevant Precedent Transactions; and
- (ii) The implied capitalisation rate of approximately 4.17% in connection with the Transaction is within the range of between 4% and 4.7%, and lower than both the average of 4.47% and the median of 4.7% (the aforesaid figures exclude rental support where information is publicly available) in respect of the Relevant Precedent Transactions.

The Independent Directors and the Audit Committee should note that certain circumstances and terms relating to the Relevant Precedent Transactions are unique and might not be identical to the Transaction and are largely dependent on the market sentiments prevailing at the time of such Relevant Precedent Transactions.

The properties subject to the Relevant Precedent Transactions may differ from the Property in terms of title, building specifications, NLA, location, accessibility, composition of tenants, market risks, track record, future prospects and other relevant criteria. In addition, the list of Relevant Precedent Transactions is by no means exhaustive. **Consequently, the Independent Directors and the Audit Committee should note that the above comparison is merely for illustrative purposes and serves as a general guide only.**

6.7 Comparison with recent valuations of comparable properties in Singapore

We have compiled publicly available information in respect of recent valuations of prime Grade A⁽¹⁾ office properties which are located on 99-year leasehold sites within the central⁽²⁾ region of Singapore (the “Comparable Properties”), in order to benchmark the valuation per NLA of the OFC Interest with the valuations per NLA of the Comparable Properties.

Property Name	Lease Expiry	Years to Lease Expiry	Date of Valuation	Market Value (\$ million)	Attributable NLA (sf)	Valuation per NLA (\$\$ psf)
MBFC Phase 1 (1/3 stake) owned by K-REIT ⁽³⁾	10 Oct 2104	93	31 Dec 2010	1,447.0 ⁽⁴⁾	581,472 ⁽⁴⁾	2,489
MBFC Phase 1 (1/3 stake) owned by Suntec REIT ⁽³⁾	10 Oct 2104	93	31 Dec 2010	1,511.0 ⁽⁴⁾	582,466 ⁽⁴⁾	2,594
One Raffles Quay (1/3 stake) owned by K-REIT	12 Jun 2100	89	31 Dec 2010	1,015.0 ⁽⁴⁾	445,120 ⁽⁴⁾	2,280
One Raffles Quay (1/3 stake) owned by Suntec REIT	12 Jun 2100	89	31 Dec 2010	1,023.0 ⁽⁴⁾	445,120 ⁽⁴⁾	2,298
OUE Bayfront	(a) 11 Nov 2106 ⁽⁵⁾ (b) 25 Mar 2025 ⁽⁵⁾	(a) 95 ⁽⁵⁾ (b) 13 ⁽⁵⁾	31 Mar 2011	1,062.6	514,654	2,065
One George Street	21 Jan 2102	90	30 Jun 2011	922.6	447,994 ⁽⁶⁾	2,059
Maximum						2,594
Minimum						2,059
Average						2,298
Median						2,289
OFC Interest	99 years from Completion Date⁽⁷⁾	99⁽⁷⁾	10 Oct 2011	2,010.0⁽⁸⁾	774,407⁽⁸⁾	2,596

Sources: Annual reports and public announcements released by the entities that own the properties

Notes:

- (1) According to the classification as stated in the latest annual report of the respective entity that holds the property.
- (2) An urban region in the south of the city-state of Singapore as defined by the Urban Redevelopment Authority, Singapore.
- (3) Refers to Marina Bay Financial Centre Towers 1 and 2, and Marina Bay Link Mall.
- (4) Based on K-REIT's and Suntec REIT's respective one-third interest in each of MBFC Phase 1 and One Raffles Quay.
- (5) Part a) refers to the OUE Tower and part b) refers to the OUE Link.
- (6) Based on the conversion rate of 1 sm: 10.7639 sf.
- (7) The Independent Valuation has been based on, *inter alia*, a 99-year interest in the OFC Interest.
- (8) Based on the independent valuation of a 99-year interest in the OFC Interest (inclusive of rental support of up to S\$170 million) by Colliers as stated in their valuation certificate dated 10 October 2011 attached as Appendix B of the Circular.

In reviewing the information above, we note that the valuation per NLA of the OFC Interest of approximately S\$2,596 psf is higher than the maximum valuation per NLA of S\$2,594 psf in respect of the recent valuations of the Comparable Properties.

It is important to note that the above analysis is limited in its utility to the extent that the Property differs from the Comparable Properties in respect of title, building specifications, NLA, location, accessibility, composition of tenants, market risks, track record, future prospects and other relevant criteria. In addition, we note that the valuations of the Comparable Properties were undertaken at different points in time under different market and economic conditions, and the list of Comparable Properties is by no means exhaustive and have been compiled from relevant public sources where available. **Consequently, the Independent Directors and the Audit Committee should note that the above comparison is merely for illustrative purposes and serves as a general guide only.**

6.8 Financial effects

The financial effects of the Transaction are intended for illustration purposes only and are set out in Paragraph 5 of the Circular.

Financial effects of the Transaction

Assuming the Transaction is effected at the Sale Consideration of approximately S\$1,571.3 million, based on the audited consolidated financial statements of the Company for FY2010:

- (a) the Group's basic earnings per Share for the financial year ended 31 December 2010 would have increased from 72.8 cents to 108.4 cents had the Transaction been effected on 1 January 2010;
- (b) the Group's NTA per Share as at 31 December 2010 would have increased from S\$2.97 to S\$3.61 had the Transaction been effected on 31 December 2010; and
- (c) the Group would expect to realise a net gain of about S\$492.7 million and receive net proceeds (after deducting transaction expenses) of approximately S\$1,569.3 million from the Transaction for FY2010.

Combined financial effects of the Transaction and the Subscription

The full text of the combined financial effects of the Transaction and the Subscription is set out in Paragraph 5.4 of the Circular and has been reproduced in italics below. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise defined.

*"The pro forma combined financial effects of the Transaction and the Subscription as set out below are based on historical financial data and are intended **for illustration purposes only**. They do not necessarily reflect the Group's future financial position and earnings, and are prepared on the following bases and assumptions:*

- (a) *the Transaction and the Subscription had taken place (i) for the purposes of the balance sheet, on 31 December 2010, being the date to which the latest audited financial statements of the Group, were made up to, and (ii) for the purposes of the profit and loss account, on 1 January 2010, being the start of the Group's latest audited financial year, respectively;*
- (b) *the Transaction was effected at the Sale Consideration of approximately S\$1,571.3 million and the Subscription was effected at the Subscription Consideration of approximately S\$456.5 million; and*

- (c) after the Transaction and the Subscription, the Group continues to own 46.4% of K-REIT.

31 December 2010	Before Transaction and Subscription	After Transaction and Subscription
Impact on Group Earnings		
Net profit after income tax and non-controlling interests (S\$ million)	1,045.8	1,553.3
Weighted average number of Shares ('000)	1,437,145	1,437,145
Basic earnings per Share (cents)	72.8	108.1
Impact on Group NTA		
NTA (S\$ million) ⁽¹⁾	4,301.3	5,240.6
NTA per Share (S\$)	2.97	3.61
Impact on Net Debt-Equity Ratio		
Total shareholders' funds (S\$ million) ⁽²⁾	4,640.3	5,504.5
Net borrowings/(cash) (S\$ million) ⁽³⁾	927.4	(556.6)
Net debt-equity ratio/(Net cash-equity ratio) (%)	20.0	(10.1)

Notes:

- (1) The NTA "After the Transaction and Subscription" is arrived at after taking into account estimated expenses of S\$2 million in relation to the Transaction.
- (2) "Total shareholders' funds" means the amount represented by the aggregate of the issued and paid up ordinary share capital, reserves and non-controlling interests.
- (3) "Net borrowings/(cash)" means the aggregate amount of borrowings from banks and financial institutions, convertible bonds and medium term notes, net of cash and fixed deposit balances."

Based on the above assumptions and figures in relation to the combined financial effects of the Transaction and the Subscription, we note the following:

- (a) The Group's basic earnings per share for the financial year ended 31 December 2010 would have increased from 72.8 cents to 108.1 cents;
- (b) The Group's NTA per share as at 31 December 2010 would have increased from S\$2.97 to S\$3.61; and
- (c) The Group's net debt-equity ratio as at 31 December 2010 would have decreased from 20.0% to a net cash-equity ratio of 10.1%.

7. OTHER RELEVANT CONSIDERATIONS

7.1 Option Deed

On Completion Date, RBC Dexia (in its capacity as trustee of K-REIT), in consideration of the sum of S\$1.00, shall grant SPIPL the Call Option to acquire, at the price of S\$1.00, the entire present and future equity of OPPL other than the portion held by AIPL (or its successors and assigns), being $\frac{62,682,000}{71,630,170}$ (or approximately 87.51%) of the entire equity of OPPL (the "Option Interest"). Subject to the terms of the Option Deed, the Call Option may be exercised by SPIPL after the expiry of 99 years from the date of the Option Deed² (the "Relevant Period") unless certain Specified Events occur, which would allow the Call Option to be exercised earlier. SPIPL (as transferee of the Option Interest) shall bear any stamp duty which is prescribed under the applicable law to be borne by a transferee for the transfer of the Option Interest.

² As the Option Deed will be entered into, and delivered to SPIPL only at Completion, the date of the Option Deed will be the same date as the Completion Date

For the foregoing purpose, “**Specified Event**” includes, among others, (a) the breach of any provision of the Option Deed by RBC Dexia (in its capacity as trustee of K-REIT) (save for one exception³), (b) K-REIT or OPPL is insolvent or unable to pay its debts as they fall due, or stops making payment on any of its debts, (c) any step is taken by a person (other than SPIPL and its related corporations) with more than 50% of the voting rights in K-REIT or OPPL (as the case may be) with a view to, or any resolution is passed (other than by SPIPL and its related corporations) for, the winding-up of K-REIT or OPPL (as the case may be) or the appointment of a liquidator, receiver, judicial manager or similar officer of K-REIT or OPPL (as the case may be) over any part of the assets of K-REIT or OPPL (as the case may be), or (d) any resolution is passed (other than by SPIPL and its related corporations) to terminate K-REIT or an event occurs which will have the effect of terminating K-REIT. The term “**related corporation**” has the meaning assigned to it in the Companies Act.

The other principal terms of the Option Deed are as follows:

- (a) in the event that RBC Dexia (in its capacity as trustee of K-REIT) wishes to transfer the Option Interest to any person, SPIPL has a right of first refusal (the “**ROFR**”). Pursuant to the ROFR, if RBC Dexia (in its capacity as trustee of K-REIT) desires to transfer the Option Interest, it must first notify SPIPL (such notice, the “**Transfer Notice**”) and SPIPL shall have the first right to purchase the Option Interest in accordance with the procedure set out in the Option Deed. RBC Dexia (in its capacity as trustee of K-REIT) shall be entitled to sell all (and not some only) of the Option Interest to the proposed buyer stated in the Transfer Notice or AIPL and no other party (the “**Buyer**”) only when SPIPL’s ROFR conferred under the Option Deed has been exhausted. The Buyer must execute a novation deed under which the Buyer agrees to be bound by the Option Deed in place of RBC Dexia (in its capacity as trustee of K-REIT); and
- (b) RBC Dexia (in its capacity as trustee of K-REIT) has undertaken to SPIPL that it shall, *inter alia*, procure that OPPL shall not sell, transfer or dispose of all or any part of its interest in the Property or the Subterranean Lot, directly or indirectly unless with the prior written consent of SPIPL in its absolute discretion (irrespective of whether SPIPL is a member of OPPL or not).

The Transaction is based on SPIPL divesting its shareholding in OPPL together with the rights and benefits of a shareholder for a term of 99 years. The Call Option will, among others, provide SPIPL with the mechanism to acquire the Option Interest after the expiry of the term of 99 years.

7.2 The Company retains its 100% interest in the Property Manager and Project Manager

The Company will continue to retain its 100% direct interest in the manager of the Property, K-REIT Asia Property Management Pte. Ltd. (the “**Property Manager**”), and continue to receive a recurring annual income in the form of property management fees and leasing commissions for the Property.

In addition, as the Company also retains its 100% direct shareholding in Keppel Land International Limited (the “**Project Manager**”), being the project manager of the design, construction, equipping, fitting out and completion of the development of Ocean Financial Centre, the Company’s interests in terms of costs control in relation to the development of Ocean Financial Centre continue to be safeguarded after the Completion.

³ The Option Deed provides that (a) RBC Dexia (in its capacity as trustee of K-REIT) is not under any obligation to procure OPPL to obtain an extension of the lease of the Subterranean Lot from the relevant authority, and (b) any failure by RBC Dexia (in its capacity as trustee of K-REIT) to notify SPIPL of the grant of such an extension will not be regarded as an occurrence of a Specified Event.

The Company's 100% interest in both the Property Manager and Project Manager will help ensure that the rental support to be provided by SPIPL to RBC Dexia (in its capacity as trustee of K-REIT) and the project development costs will not be higher than necessary.

7.3 The Company continues to wholly-own the manager of K-REIT and remain as a substantial unitholder of K-REIT

The Company continues to wholly-own K-REIT Asia Management Limited ("**KRAM**"), which is the manager of K-REIT. Upon completion of the Transaction, the Company could reasonably expect higher management fees for KRAM as the Property, together with the MBFC Phase 1, One Raffles Quay and the Prudential Tower, will provide K-REIT with a strong branding as a key landlord in the Marina Bay and Raffles Place areas. This will help grow Keppel Land's fund management business in K-REIT to provide a stable stream of fee income to counter balance the cyclical nature of property development earnings. Furthermore, as the Company will continue to be a substantial unitholder of K-REIT, the Company will also stand to benefit from the growth of K-REIT as well as from the potential upside of K-REIT's unit price.

7.4 Project development costs payable by SPIPL

Notwithstanding Completion taking place, SPIPL shall bear the SPIPL's Shareholding Proportion of all project development costs of the Property and the Subterranean Lot (that is, all costs (including legal costs), expenses, charges and amounts incurred and payable by OPPL in respect of works (including defects rectification works) carried out by or on behalf of OPPL in relation to the development of Ocean Financial Centre, for purposes of obtaining the issue of the Certificate of Statutory Completion) as finalised under the S&P Agreement.

It is pertinent to note that, notwithstanding the completion of the sale by SPIPL of the Sale Shares, SPIPL will not be relinquished of any of its obligations to bear such project development costs payable for the purposes of obtaining the issue of the Certificate of Statutory Completion in relation to the Property.

8. OPINION

In arriving at our opinion in respect of the Transaction, we have deliberated on various factors which we consider to be pertinent and to have a significant bearing on our assessment of the Transaction, including, *inter alia*, the following:

- (a) The rationale for the Transaction;
- (b) The Independent Valuation conducted by Colliers commissioned by SPIPL. We understand that the Independent Valuation has taken into account the provision of rental support of up to S\$170 million to be provided by SPIPL to K-REIT;
- (c) We understand from the Management that the rental support to be provided by SPIPL, up to a maximum aggregate amount of S\$170 million, is primarily for the vacant spaces and fitting-out periods where rent and maintenance charges will not be received. It is also to support the lower-than-market average rental rates of majority office leases which were pre-committed by mid 2010, during the recovery phase of the global financial crisis when the average Grade A office rents were relatively lower;
- (d) With respect to the computation of the Sale Consideration, the actual amount of the Sale Consideration is subject to post-completion adjustments to reflect a sum equal to

SPIPL's Shareholding Proportion of the Adjusted NTA of OPPL as at the Completion Date. The Adjusted NTA will be calculated by reference to, among other things, the Relevant Property Value;

- (e) We note that the Relevant Property Value of S\$2,013.1 million is in line with the Independent Valuation of S\$2,010 million;
- (f) We note that the Adjusted NTA will be reviewed by the independent auditors jointly appointed by SPIPL and RBC Dexia (in its capacity as trustee of K-REIT) after the Completion Date in accordance with the terms of the S&P Agreement;
- (g) The Relevant Property Value of the OFC Interest per NLA (excluding the rental support of up to S\$170 million) of approximately S\$2,380 psf in connection with the Transaction is within the range of between S\$2,300 psf and S\$2,524 psf, and lower than the simple average of S\$2,406 psf, the weighted average of S\$2,383 psf and the median of S\$2,400 psf (the aforesaid figures exclude rental support where information is publicly available) in respect of the Relevant Precedent Transactions;
- (h) The implied capitalisation rate of approximately 4.17% in connection with the Transaction is within the range of between 4% and 4.7%, and lower than both the average of 4.47% and the median of 4.7% (the aforesaid figures exclude the rental support where information is publicly available) in respect of the Relevant Precedent Transactions;
- (i) The OFC Interest valuation per NLA of approximately S\$2,596 psf is higher than the maximum valuation per NLA of S\$2,594 psf with respect to the recent valuations of the Comparable Properties;
- (j) The Transaction would be earnings and NTA accretive to the Group, and the Group would expect to realise a net gain of about S\$492.7 million for FY2010 after taking into account the Transaction;
- (k) The Call Option will, among others, provide SPIPL with the mechanism to acquire the Option Interest after the expiry of the term of 99 years;
- (l) The Company will continue to retain its 100% direct interest in the Property Manager and Project Manager, and will therefore continue to enjoy a recurring annual income in the form of property management fees and leasing commissions for the Property and safeguard its interests in terms of costs control in relation to the development of the Property;
- (m) The Company continues to wholly-own KRAM, which is the manager of K-REIT. Upon completion of the Transaction, the Company could reasonably expect higher management fees for KRAM as the Property, together with the MBFC Phase 1, One Raffles Quay and the Prudential Tower, will provide K-REIT with a strong branding as a key landlord in the Marina Bay and Raffles Place areas; and
- (n) Notwithstanding the Completion taking place, SPIPL will not be relinquished of its obligation to bear the SPIPL's Shareholding Proportion of the project development costs to be incurred and that is payable by OPPL.

We note from Paragraph (g) above that with respect to the Relevant Precedent Transactions, notwithstanding that the Relevant Property Value of the OFC Interest per NLA (excluding the rental support of up to S\$170 million) of approximately S\$2,380 psf is lower than the simple average of S\$2,406 psf, the weighted average of S\$2,383 psf and the median of S\$2,400 psf, it is within the range of between S\$2,300 psf and S\$2,524 psf.

We have also considered other factors which are set out in Paragraphs (a) to (f) and Paragraphs (h) to (n) above, which include, *inter alia*, (1) the implied capitalisation rate of approximately 4.17% in connection with the Transaction is within the range of between 4% and 4.7%, and lower than both the average of 4.47% and the median of 4.7% (the aforesaid figures exclude rental support) in respect of the Relevant Precedent Transactions; and (2) the valuation per NLA of the OFC Interest of approximately S\$2,596 psf is higher than the maximum valuation per NLA of S\$2,594 psf in respect of the recent valuations of the Comparable Properties.

Having regard to the considerations set out in this letter and the information available as at the Latest Practicable Date, we are of the opinion that, on balance, the financial terms of the Transaction are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. Accordingly, we advise the Independent Directors to recommend that minority Shareholders vote in favour of the Transaction.

Independent Directors should also note that transactions in the shares of the Company are subject to possible market fluctuations and accordingly, our opinion on the Transaction does not and cannot take into account the future transactions or price levels that may be established for the shares of the Company since these are governed by factors beyond the ambit of our review.

This letter has been prepared for the benefit of the Independent Directors and the Audit Committee, in connection with and for the purpose of their consideration of the financial terms of the Transaction only. The recommendation made by the Independent Directors to the minority Shareholders and the Audit Committee's opinion in relation to the Transaction shall remain the sole responsibility of the Independent Directors and the Audit Committee respectively.

Whilst a copy of this letter may be reproduced in the Circular, and in relation to the Transaction, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of PPCF in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter. Save for the Company, the Independent Directors, the Audit Committee and the minority Shareholders, in relation to the Transaction, nothing herein shall confer or be deemed or is intended to confer any right or benefit to any third party and the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore and any amendments thereto shall not apply.

Yours truly,

For and on behalf of
PrimePartners Corporate Finance Pte. Ltd.

Mark Liew
Managing Director, Corporate Finance

Andrew Leo
Associate Director, Corporate Finance

VALUATION CERTIFICATE

**VALUATION CERTIFICATE**

Date	: 10 October 2011
Our Reference	: 2011/176
Valuation Prepared for	: Straits Property Investments Pte Ltd 230 Victoria Street #14-01/10 BUGIS JUNCTION TOWERS Singapore 188024
Purpose of Valuation	: To determine the Current Market Value of an approximate 87.51% interest in the subject property for the purpose of intended sale
Date Of Inspection	: 21 July 2011
Address Of Property	: 10 Collyer Quay OCEAN FINANCIAL CENTRE Singapore 049315
Type of Property	: A commercial development comprising a 43-storey office tower with 3 basement levels developed in 2 phases.
Brief Description	: Ocean Financial Centre (OFC) is located on the western side of Collyer Quay, near its intersection within Marina Boulevard and Raffles Quay at the heart of the Central Business District. The East Coast Parkway, Central Expressway and Nicoll Highway which provide easy access to other parts of Singapore are all within a short drive away. Accessibility to other parts of Singapore is further enhanced by its proximity to the Raffles Place and Marina Bay MRT Stations. OFC is being developed in 2 phases and Phase 1 was completed in March/April this year whilst Phase 2 is scheduled for completion in late 2012. Our instructions are to value both Phases 1 and 2 of the subject property (i.e. assuming satisfactory completion of Phase 2 which is still under development).

Brief Description (Cont'd) : Phase 1 comprises a 43-storey office tower with one retail unit on the ground floor. The office space is located from the 3rd storey to the 43rd storey and the building is divided into low-rise, mid-rise and high-rise zones. Phase 2 will comprise retail premises on the 1st storey (another unit) and Basement 1 and carpark space is to be accommodated on Basement 2 and 3. There will also be a 7-storey multi-storey carpark in future, to be erected over the site of the existing Ocean Tower, which is in the process of being demolished.

The subject property is an environmentally sustainable building and it is equipped with state-of-the-art building system comprising air-conditioning, modern fire-prevention/fighting equipment and security system. Male/female toilets, pantry areas, security service, fire command centre and CCTV are also provided within the subject development. Vertical access within the building is facilitated by 24 passenger lifts, one fireman's lift, one service lift and supplemented with reinforced concrete staircases.

When Phase 2 is completed, there will be a total of 222 carparking lots in the basement as well as the multi-storey carpark. Currently, only 25 lots are opened for use under Phase 1.

Upon final completion, the development will be directly connected to the underground Raffles Place MRT Station via the basement retail link.

Legal Description : Lot 340P Town Subdivision 1 and part of Lot 80002A Town Subdivision 30

Note: Lot 80002A is a subterranean lot which is to be alienated out of One Raffles Quay and our assumption is that this will be satisfactorily completed in due course.

Tenure : We understand that the tenure of Lot 340P Town Subdivision 1 is leasehold 999 years w.e.f. 22 June 1862 whilst Lot 80002A Town Subdivision 30 is 99 years w.e.f. 13 June 2001.

For the purpose of this valuation, we are instructed to value the subject property based on a 99-year interest in the property.

Registered Proprietor(s) : Ocean Properties Pte. Limited

Land Area : 6,109 sm (65,757 sf) or thereabouts

Approved Gross Floor Area	: Approximately 95,992.3 sm (1,033,251 sf)						
Lettable Floor Area	: The lettable floor area as provided to us and subject to final survey, are as follows :- <table> <tr> <td>Office (3rd to 43rd storey)</td><td>876,947 sf</td></tr> <tr> <td>Retail (Ground floor and Basement 1)</td><td><u>8,010 sf</u></td></tr> <tr> <td>Total</td><td><u>884,957 sf</u></td></tr> </table>	Office (3 rd to 43 rd storey)	876,947 sf	Retail (Ground floor and Basement 1)	<u>8,010 sf</u>	Total	<u>884,957 sf</u>
Office (3 rd to 43 rd storey)	876,947 sf						
Retail (Ground floor and Basement 1)	<u>8,010 sf</u>						
Total	<u>884,957 sf</u>						
Year of Completion	: The Temporary Occupation Permits (TOP) for Phase 1 which comprised about 98% of the gross floor area of the subject property was issued on 14 March 2011 and 29 April 2011; whilst the TOP for Phase 2 is expected by end 2012.						
Revenue/Occupancy	: The average total office monthly committed gross rent is S\$89.05 per sm comprising a service charge of about S\$12.92 per sm. Notable and major tenants include Australia and New Zealand Banking Group Limited and BNP Paribas.						
Condition	: The premises (Phase 1) is in good condition as at the date of our inspection. We understand that some parts of the office premises are still undergoing fitting-out works by the tenants.						
Master Plan Zoning (2008 Edition)	: According to the Master Plan (2008 Edition), the subject property is currently zoned "Commercial" with plot ratio of 12.6+ <i>Note : The official Master Plan/Road/Drainage Interpretation Plans and other legal requisitions have not been applied for and/or made available to us.</i>						
Basis of Valuation	: Completed Basis						
Methods of Valuation	: Direct Comparison Method, Discounted Cashflow Analysis and Investment Method of Valuation						



Valuation

: In view of the foregoing and having taken into consideration the prevailing market conditions, we are of the opinion that the value of the approximate 87.51% interest in the subject property based on a 99-year interest in the property and subject to the existing tenancies and free from all other encumbrances is as follows : -

DATE OF VALUATION 10 OCTOBER 2011

Value Of An Approximate 87.51% Interest Of The Subject Property
(Inclusive Of Rental Support Of Up To S\$170,000,000/-)

MARKET VALUE S\$2,010,000,000/-

(SINGAPORE DOLLARS TWO BILLION AND TEN MILLION ONLY)

Colliers International Consultancy & Valuation (Singapore) Pte Ltd

CYC/CN/ct

This valuation certificate is subject to the attached Limiting Conditions.



LIMITING CONDITIONS

Valuation

1. Values are reported in Singapore currency unless otherwise stated.
2. In our valuation, it is presumed that the property as currently used is not in contravention of any planning or similar regulations. We shall not be responsible if it is otherwise.
3. For obvious reasons, we do not and cannot provide information relating to government acquisitions, unless the land has already been gazetted for acquisition.
4. No requisition on road, MRT, LRT, drainage and other government proposals has been made. Such information will not be tendered unless specifically requested for and we be properly reimbursed.
5. While due care is exercised in the course of our inspection to note any serious defects, no structural surveyor the like will or has been made. Further, we will not be able to report that the building is free from rot, infestations or other defects. The building services will not be tested but will be presumed to be in good working order.
6. Neither the whole nor any part of this valuation report or any reference to it may be included in any document, circular or statement or be published in any way without our prior written consent to the form and context in which it may appear. We shall bear no responsibility for any unauthorised inclusion or publication.
7. In accordance with our usual practice, we must state that this valuation report is restricted to the client or person to whom this valuation report is specifically addressed to and for the specific purpose stated therein and to be used within a reasonable time. We disclaim any liability should it be used by any other person or for any other purpose(s) or beyond a reasonable time.
8. Where it is stated in the valuation report that information has been supplied to us by another party, the information is presumed to be reliable and we do not accept any responsibility should it be proven otherwise.
9. No allowance will be made in our valuation report for any charges, mortgages or other claims affecting the property nor for any costs, expenses, taxation or outgoings which may be involved in any transaction of the property.
10. The title to the property is presumed to be good and marketable and, unless mentioned in this valuation report, be free from any encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title, searches and requisitions and other such legal matters.
11. Any plans included in this report are for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.
12. All Location Plans are obtained from Virtual Map (S) Pte Ltd. While we do make every endeavour to update the maps as far as it is possible, we do not vouch for the accuracy of the maps and shall not be responsible if it is otherwise.
13. We shall not be required to give testimony or to appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we be properly reimbursed.

GENERAL INFORMATION

1. CONSENTS

PPCF has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and its letter to the Independent Directors and the Audit Committee, and all references thereto, in the form and context in which they appear in this Circular.

Colliers has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and valuation certificate, and all references thereto, in the form and context in which they appear in this Circular.

2. GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

Chapter 9 of the Listing Manual governs transactions between a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be “at risk”, with the listed company’s interested persons.

Except for any transaction which is below S\$100,000 in value and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, when this Chapter applies to a transaction with an interested person and the value of the transaction alone or on aggregation with other transactions conducted with the same interested person during the financial year reaches or exceeds certain materiality thresholds (which are based on the group’s latest audited NTA), the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders’ approval for the transaction. In particular, shareholders’ approval is required for an interested person transaction of a value equal to, or exceeding:

- (a) 5% of the group’s latest audited NTA; or
- (b) 5% of the group’s latest audited NTA, when aggregated with the values of all other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

Chapter 9 of the Listing Manual, however, allows a listed company to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not for the purchase or sale of assets, undertakings or businesses) which may be carried out with the listed company’s interested persons. A general mandate is subject to annual renewal.

For the purposes of Chapter 9 of the Listing Manual:

— an “entity at risk” means:

- (i) the listed company;
- (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange;

- (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the **"listed group"**), or the listed group and its interested person(s), has control over the associated company;
- an **"interested person"** means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;
- an **"associate"** in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;
- an **"approved exchange"** means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles as Chapter 9;
- an **"interested person transaction"** means a transaction between an entity at risk and an interested person;
- a **"transaction"** includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly; and
- in interpreting the term **"same interested person"** for the purpose of aggregation of the values of all transactions entered into with the same interested person during the same financial year under Rules 905 and 906 of Chapter 9 of the Listing Manual, the following applies:
 - (i) transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person; and
 - (ii) if an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested persons and their associates and have audit committees whose members are completely different.

3. PREVIOUS INTERESTED PERSON TRANSACTIONS DURING FY2011

Except for the transactions mentioned in sub-paragraphs (a) to (d) below, the Company, its subsidiaries and associated companies which, for the purposes of Chapter 9 of the Listing Manual, are considered to be "entities at risk", have not entered into transactions with the Company's interested persons or their associates (including K-REIT) since the beginning of FY2011 up to the Latest Practicable Date:

- (a) the Transaction (which is the subject matter of this Circular);
- (b) transactions less than S\$100,000 in value;
- (c) transactions carried out under the Company's Shareholders' Mandate for transactions with interested persons (which was renewed at the Company's Annual General Meeting held on 21 April 2011 until the next Annual General Meeting of the Company); and
- (d) the undermentioned transactions with (i) an associate of Keppel Corporation, (ii) an associate of Temasek, and (iii) a Director.

Particulars of Interested Person Transactions	Aggregate Value S\$ million
(i) Keppel Telecommunications & Transportation Ltd Group:	
— Initial committed capital for the formation of a joint-venture company, Keppel Data Centres Holding Pte Ltd ("JV Co")	9.0
— Principal and interest of the shareholders' loan to JV Co	31.5
— Disposal of Keppel Digihub Ltd to the JV Co ⁽¹⁾	13.3
— Acquisition of Keppel Datahub Pte Ltd by the JV Co ⁽²⁾	2.7
Subtotal	56.5
(ii) Temasek Group:	
— Committed capital for the formation of a joint venture company, Singapore-Sichuan Investment Holdings Pte Ltd	14.4
(iii) Sale of a unit in Singapore residential development to a Director at the prevailing price applicable to third parties	1.4
Total for the current financial year	72.3

Notes:

- (1) Pursuant to the sale of shares in Keppel Digihub Ltd ("Digihub") to the JV Co for a consideration of approximately S\$19 million, the Company's effective interest in Digihub has decreased from 100% to 30%. Accordingly, the value of the transaction to which the Company is considered to be at risk pursuant to Rule 909 of the Listing Manual is approximately S\$13.3 million.
- (2) Based on the purchase consideration of approximately S\$9 million for the shares of Keppel Datahub Pte Ltd and having regard to the Company's 30% interest in the JV Co, the value of the transaction to which the Company is considered to be at risk pursuant to Rule 909 of the Listing Manual is approximately S\$2.7 million.

4. ADDITIONAL CONSIDERATION PAYABLE FOR OPTION INTEREST

The Additional Consideration (as referred to in Paragraph 2.3(a) of this Circular) payable by SPIPL for the Option Interest shall be determined according to the following mathematical formula:

$$Y = [Z * \text{Option Interest Proportion}]$$

where:

"Y" means the amount of the Additional Consideration to be paid to RBC Dexia (in its capacity as trustee of K-REIT) for the Option Interest;

"Z" means the Adjusted Net Value of OPPL as at the date of the expiry of the Specified Period, as verified by an independent and reputable auditor appointed by SPIPL;

"Adjusted Net Value" means the net tangible asset value of OPPL but with adjustments for (i) the value of the Property to be fixed at the Unexpired Property Value as at the date of the Default Exercise Notice, and (ii) any cash distributions made by OPPL to its partners after the date of the Default Exercise Notice and before the date falling 15 business days after the expiry of the Specified Period; and

"Unexpired Property Value" means the average of two valuations, each determined by an Approved Valuer commissioned by SPIPL and RBC Dexia (in its capacity as trustee of K-REIT) respectively, of the market value of the Property as at the date of the Default Exercise Notice as if the Property had a leasehold title commencing from the date of the Default Exercise Notice to the remainder term of the Relevant Period (and not taking into account the entire remainder term of the leasehold title to the Property held by OPPL or the value thereof).

For the above purposes:

- (a) **"Approved Valuer"** means any of the following internationally recognised firms of property valuers (or such other internationally recognised firms of property valuers as RBC Dexia (in its capacity as trustee of K-REIT) and SPIPL may agree from time to time): (i) Colliers, (ii) Savills Valuation and Professional Services (S) Pte Ltd, (iii) Knight Frank Pte Ltd, and (iv) CB Richard Ellis (Pte) Ltd;
- (b) **"Default Exercise Notice"** means the formal notice served by SPIPL on RBC Dexia (in its capacity as trustee of K-REIT) following the occurrence of a Specified Event, for the exercise of the Call Option by SPIPL; and
- (c) **"Option Interest Proportion"** means $\frac{62,682,000}{71,630,170}$ (or approximately 87.51%).

5. APPORTIONMENT OF COMPULSORY ACQUISITION COMPENSATION

The Option Deed provides that if any Compulsory Acquisition (as defined below) should occur while the Option Deed is in force, and compensation pursuant to the Compulsory Acquisition is received from the relevant authorities by OPPL, then the compensation amount received shall be apportioned between RBC Dexia (in its capacity as trustee of K-REIT) and SPIPL.

Pursuant to the apportionment, RBC Dexia (in its capacity as trustee of K-REIT) shall pay or procure the payment of an amount determined by the following mathematical formula, to SPIPL:

$$X = \left[C - \left(C * \frac{A}{B} \right) \right] * \text{Option Interest Proportion}$$

where:

“X” means the amount RBC Dexia (in its capacity as trustee of K-REIT) shall pay, or procure to be paid, to SPIPL;

“C” means the amount of compensation received by OPPL from the Government of Singapore for the Compulsory Acquisition;

“A” means the average of two valuations, each determined by an Approved Valuer commissioned by RBC Dexia (in its capacity as trustee of K-REIT) and SPIPL respectively, of the market value of the Property as at the date of notice of Compulsory Acquisition as if the Property had a leasehold title commencing from the date of notice of Compulsory Acquisition issued by the Government of Singapore to the remainder term of the Relevant Period, and taking into account the Compulsory Acquisition; and

“B” means the average of two valuations, each determined by an Approved Valuer commissioned by RBC Dexia (in its capacity as trustee of K-REIT) and SPIPL respectively, of the market value of the Property as at the date of notice of Compulsory Acquisition taking into account the entire remainder term of the leasehold title to the Property held by OPPL and taking into account the Compulsory Acquisition.

For the above purposes:

- (a) a reference to “OPPL” includes a reference to the successor limited liability partnership into which OPPL is converted pursuant to the LLP Conversion;
- (b) “Compulsory Acquisition” means any notification, proposal, scheme or order for the compulsory acquisition by the Government of Singapore of the whole or any part of the Property; and
- (c) “Approved Valuer” and “Option Interest Proportion” have the same meanings as set out in paragraph 4 above.

6. DOCUMENTS FOR INSPECTION

The following documents may be inspected at the registered office of the Company during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the S&P Agreement;
- (b) the agreed form of the Option Deed;
- (c) the letter from PPCF to the Independent Directors and the Audit Committee referred to in Paragraph 6.1 of this Circular;
- (d) the Valuation Certificate referred to in Paragraph 2.2(a) of this Circular; and
- (e) the respective consents referred to in paragraph 1 of this Appendix C.

KEPPEL LAND LIMITED

(Incorporated in Singapore)

(Co. Reg. No. 189000001G)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at Marina Bay Sands Expo and Convention Centre, Level 3, Hibiscus Main Ballroom (3601A to 3703), 10 Bayfront Avenue, Singapore 018956 on Thursday, 10 November 2011 at 11.00 a.m. for the purpose of considering and, if thought fit, passing with or without any modifications the following ordinary resolution:

ORDINARY RESOLUTION

THE TRANSACTION

That:

(a) approval be and is hereby given for:

- (i) the divestment by Straits Property Investments Pte Ltd ("**SPIPL**"), a wholly-owned subsidiary of the Company, of 62,682,000 ordinary shares in Ocean Properties Pte. Limited ("**OPPL**") representing approximately 87.51% of the issued and paid up share capital of OPPL, for a term of 99 years, at the consideration of approximately S\$1,571.3 million (subject to completion and post-completion adjustments) as set out in, and upon the terms and subject to the conditions of, the share purchase agreement dated 17 October 2011 ("**S&P Agreement**") made between (i) SPIPL, as vendor, (ii) Keppel Land Properties Pte Ltd (a wholly-owned subsidiary of the Company), as guarantor, and (iii) RBC Dexia Trust Services Singapore Limited ("**RBC Dexia**") (in its capacity as trustee of K-REIT Asia), as purchaser (the "**Transaction**"); and
- (ii) in conjunction with the Transaction, the entry by SPIPL (as option holder) into an option deed (the "**Option Deed**") with RBC Dexia (in its capacity as trustee of K-REIT Asia) (as grantor) pursuant to the terms of the S&P Agreement, including the exercise of the call option pursuant to the Option Deed,

as more particularly described in the Company's Circular to Shareholders dated 19 October 2011; and

- (b) the Directors of the Company be and are hereby authorised to do and complete all such acts, deeds, documents and things as may be considered necessary or expedient for the purposes of giving effect to the aforesaid transactions and/or this resolution.

By Order of the Board

Choo Chin Teck
Company Secretary

Singapore, 19 October 2011

Notes:

1. A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing the proxy must be lodged at the Company's registered office at 230 Victoria Street #15-05, Bugis Junction Towers, Singapore 188024 not less than 48 hours before the time appointed for the Extraordinary General Meeting.

KEPPEL LAND LIMITED

Co. Reg. No. 189000001G
(Incorporated in Singapore)

PROXY FORM

EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. For investors who have used their CPF monies to buy KEPPEL LAND LIMITED shares, this Circular to Shareholders is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Extraordinary General Meeting as observers must submit their requests through their CPF Approved Nominees within the time frame specified. Any voting instructions must also be submitted to their CPF Approved Nominees within the time frame specified to enable them to vote on the CPF investor's behalf.

I/We _____ (Name)

of _____ (Address)

being a member/members of KEPPEL LAND LIMITED (the "Company") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%
and/or (delete as appropriate)				

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Extraordinary General Meeting of the Company to be held at Marina Bay Sands Expo and Convention Centre, Level 3, Hibiscus Main Ballroom (3601A to 3703), 10 Bayfront Avenue, Singapore 018956 on Thursday, 10 November 2011 at 11.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

ORDINARY RESOLUTION	To be Used on a Show of Hands		To be Used in the Event of a Poll	
	For*	Against*	For [@]	Against [@]
Approval of the Transaction				

If you wish to appoint any of Mr Choo Chiau Beng (the Chairman), Mr Teo Soon Hoe, Mr Kevin Wong Kingcheung, Prof Tsui Kai Chong, Mrs Lee Ai Ming and/or Mrs Oon Kum Loon as your proxy/proxies for the above Extraordinary General Meeting, you should give specific instructions in your Proxy Form as to the manner in which your vote is to be cast in respect of the Ordinary Resolution.

* Please indicate your vote "For" or "Against" with a "✓" within the box provided.

[@] If you wish to exercise all your votes "For" or "Against", please indicate with a "✓" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2011.

Total number of Shares held

Signature(s) of Member(s)/Common Seal

IMPORTANT: Please read notes on the reverse carefully before completing the Proxy Form

Notes for Proxy Form

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all Shares held by you.
2. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy shall be deemed as representing 100% of the shareholding and the second named proxy shall be deemed as an alternate to the first named.
3. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.

Fold along this line (1)

Affix
Postage
Stamp

**The Company Secretary
KEPPEL LAND LIMITED
230 Victoria Street #15-05
Bugis Junction Towers
Singapore 188024**

Fold along this line (2)

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 230 Victoria Street #15-05, Bugis Junction Towers, Singapore 188024 not less than 48 hours before the time set for the Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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